Daily Report

Latin America

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Brazil's Cardoso Backs Creation of L.A. Community

PY1103031395 Madrid EFE in Spanish 2134 GMT 9 Mar 95

[FBIS Translated Text] Brasilia, 9 Mar (EFE)—Brazilian President Fernando Henrique Cardoso has promised to support the creation of a Latin American Community of Nations (CLAN), which will be similar to the European Union, Latin American Parliament (Parlatino) sources said today.

Cardoso, who met last night with several Parlatino leaders, said he will strive to have the "Act of Intention for Creation of the Latin American Community of Nations" approved at the next Rio Group meeting, Parlatino superintendent Fernando Gasparian—a former Brazilian deputy—reported today.

The presidents of countries of the Rio Group, which is Latin America's main political coordination forum, are due to meet in September in Ecuador to discuss, among other issues, the possible creation of CLAN.

Gasparian said that during the meeting with Cardoso, the representatives of the Parlatino—a regional organization that gathers the congresses of 22 Latin American countries—explained to the president that it would be advantageous for Latin America to create a political and economic community. After the meeting, it was learned that the Parlatino representatives asked for Brazil's support for the project.

During the meeting, Cardoso said he would like to strengthen Latin American integration through the creation of a community, similar to the one that gave rise to the European Union (EU) in Europe.

The Parlatino leaders, who met with Cardoso in Brasilia yesterday, also heard support for the creation of CLAN from Senate President Jose Sarney and from Chamber of Deputies President Luis Eduardo Magalhaes.

The Parlatino delegation that met with Cardoso included, in addition to Gasparian, Acting Parlatino President Juan Adolfo Singer—a Uruguayan deputy—Secretary General Humberto Perez—a former Colombian senator—and Deputy Ney Lopes, the Parlatino vice president for Brazil.

During its last summit meeting in Rio de Janeiro, the Rio Group—comprised of all South American governments plus the Mexican Government, one Central American representative, and one Caribbean representative—decided to create a technical commission to study CLAN's feasibility.

The Rio Group technical commission, made up of diplomats of all countries, met with Parlatino representatives on 25 February in Ecuador to coordinate its work.

A draft of the Act of Creation of the CLAN has already been discussed and approved by a Parlatino commission.

The document, which is entitled "Act of Intention for the Creation of the CLAN," will be studied again in July, and the Parlatino is confident that it will be on the agenda of the next meeting of presidents of the area.

CLAN will include the 20-odd Latin American countries, which have a population of 460 million. With its 22 million sq km, CLAN will involve the world's largest geographical area.

Paraguay Names Former Uruguayan Minister Arbiter

PY1003114695 Buenos Aires TELAM in Spanish 1453 GMT 9 Mar 95

[FBIS Translated Text] Montevideo, 9 Mar (TELAM-SEM)—Diplomatic sources have confirmed to TELAM that the Paraguayan Government has named former Uruguayan Foreign Minister Sergio Abreu as arbitrator and he will become a member of the jurisdictional body responsible for settling controversies among Mercosur [Common Market of the South] member countries.

According to a letter sent to the former foreign minister by the Paraguayan Government, the appointment, which conformed to the Brasilia Protocol provisions, was made taking into account "your well-known abilities as a mediator, your intellectual training, and your brilliant professional career."

The Brasilia Protocol established a mechanism to settle controversies that was confirmed at the Ouro Preto summit. This mechanism has been designed to guarantee enhanced honesty in the proceedings aimed at settling conflicts among Argentina, Brazil, Paraguay, and Uruguay.

The members of this arbitration court are proposed by the four member countries. It is not mandatory for these arbitration court members to have the citizenship of the proponent country.

Paraguay is the first Mercosur partner to appoint a foreigner as an arbitrator for the settlement of controversies.

After it is fully assembled, the jurisdictional body will become operational. Its permanent headquarters will be established in the city of Asuncion.

According to the mechanisms established, the arbitration court will intervene at the request of any one of the Mercosur partner countries.

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Cuba

Fidel Castro Women's Congress Address

FL1103002395 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0212 GMT 4 Mar 95

[Address by President Fidel Castro to the closing session of the Sixth Cuban Women's Federation (FMC) Congress at the Havana Convention Center on 3 March—recorded]

[FBIS Translated Text] Distinguished guests, female and male—there are some, you know. FMC comrades who have just concluded the sixth FMC congress:

I do not have to tell you how much we have always appreciated the revolutionary role of Cuban women and the FMC's work. This is practically a unique institution in light of its characteristics. It was created by the Revolution and, together with the rest of the social forces, has waged the long and heroic struggle of these years.

Although I have not participated in the debates as at other times, I made every possible effort to closely follow your debates and discussions. I did not hear the debates this time, but I read about them. Even though it was in a summarized form, I was truly able to discern the content of everything discussed in this congress. I even reached the conclusion that a similar effort should be carried out with all the discussions. The newspaper did not carry everything, although the newspaper dedicated two full pages mainly to explain the plenary debates. I also got information from the newspapers, but my main sources were the summaries. If possible, I think it would be a good idea to gather into a brief memoir rather than a big book—not only because of the amount of paper needed but also because people tend not to read large volumes—the main subjects discussed and the basic arguments used in the debates. I believe that would help to create or, rather, reinforce, refresh the people's awareness. It would help bring to people's attention the many ideas and arguments which might be forgotten in the hard, daily struggle.

It would be unfair, extremely unfair if we did not always keep in mind, under the special circumstances we are experiencing, during this special period, the essential weight of the sacrifices being shouldered by the women. Nothing has happened, nothing has collapsed...[pauses as crowd laughs] in other words, the burden carried under normal conditions, which already required special efforts from working women, their work load, and the extreme load of their traditional contributions at home. We have talked about this many times. On certain occasions we even said that equality was not even a goal but that we should try to give women more rewards, more rights.

Who has more experience than us in the struggle for equality? The experience of these years is a truly history struggle, a hard, extremely hard struggle. I have repeatedly told reporters who interview me how hard the struggle has been to change the mindset of mankind. I have explained many times why there are not more women in the National Assembly or among the district delegates, etc., and many other such examples of the real fact that women have less representation in a series of activities despite their outstanding qualities.

Many things have been accomplished. We could not say at all that progress has not been attained. I believe that we have made great progress from the start. We have achieved great accomplishments in which the FMC has played a decisive role, as well as the efforts of the Cuban Communist Party, the government, and the other mass organizations. Where would our Revolution be without the FMC? How could we speak of attained social rights, of accomplishments, of righted wrongs. Some indexes are used to support this, for example the percentage of women who are technicians and professionals, many more than the percentage of men. We can boast of something of which no other country can boast, namely that inequality in salaries does not exist in our country.

Reports from around the world reveal that despite the fact that women are a very important segment of the production sector, their salaries abroad are way below that of men. Such is the case in South Africa. During our trip to attend Mandela's inauguration, I spoke with a hotel manager of German descent who had learned perfect Spanish in Chile. We discussed the number of employees. I heard for the first time, despite all the terrible things I had heard about apartheid, that the salaries for whites and blacks were different. Blacks were paid much less than whites. So much had been said about apartheid and this specific fact was missing. I even asked him how the workers managed to keep their jobs. He explained that he gave them some personal incentives—perks. If a relative passed away, he would help cover expenses. He was creative in trying to keep the peace among his employees. However, it was already an accepted habit to pay a man so much if white and so much if female.

Women have been living under an apartheid system in this world. This still exists in the many discriminatory practices used against women. These things, of course, could not exist in the Revolution and, thus, disappeared in the Revolution. Other things are discussed nowadays: the level of responsibility, the level of management women are attaining without being discriminated against simply for being women—that is, for generally being in charge of family affairs or taking care of a sick child or all the ailments experienced during pregnancy for which men are not discriminated against. We have yet to hear of any such case in Cuba...[pauses as crowd laughs] of a man taking sick leave due to pregnancy. Men might get drunk now and then and have other reasons or are just plain lazy or miss work as the result of a lack of discipline, but this is not the case with women.

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All these objective problems burden society and are a difficult struggle even in normal periods. We must not forget that this was the case even in periods when it was easier to implement party and state discipline, to implement norms and regulations, and to take measures to prevent discrimination against women. This was the case even when the work force shortage was acute, when we had to struggle to keep so many jobs open for women, when orders were given to enterprises and others to reserve this or that job for women without ever being opposed to women doing many of the jobs which men have traditionally performed. We had to confront economic criteria and interests and those forms of discrimination. How many measures did we take regarding even the home? We issued the Family Code. Some might say it was the right thing to do, others that is was a dream or a fantasy. It was not wrong, or a dream, or a fantasy. I believe it helped increase awareness because we know of many cases, countless cases where men help women today, unlike in the past, when men did not help women at all. I know of many such cases, as well you do, of couples who share duties at home: One cleans, while the other cooks and takes care of the children and takes them to the doctor. The Family Code helped to create an awareness. It was not a coercive code. It did not force anyone to wash dishes at home. However, it taught many that you must help wash the dishes.

There was also the measure involving fathers having to take children to pediatric hospitals. We corrected that absurd measure, which prevented women from entering hospitals. We had seen cases where many mothers would have to wait outside to hear about their children on the fourth or fifth floor. That was eliminated way back then for humanitarian reasons and for the well-being of the mother and the child, who felt better with their mothers by their side. Thus, we implemented the principle of having the mother accompany her children in the hospitals. We saw the importance of the mother's presence during the infamous dengue epidemic, when there were hundreds of children in the hospitals hooked to IV bottles. No nurse, no matter how good, could take the place of a mother. A nurse can provide technical assistance, but the mother provided the love, trust, and peace of mind. No other country had ever done this. We may have broken some canons and dismissed old-fashioned criteria—we did not know from where it had come—but they were inhumane and impractical. It was perhaps the result of the belief that doctors and nurses knew what was better. Mothers do not write prescriptions, although they might provide information to the doctors on allergies to antibiotics, etc., which in a rush the doctors did not have time to find out. What role did the mother waiting outside the hospital play? Following this change, the wisdom of also having the fathers present was also seen. A father can play the exact same role. It was later suggested that not only women but also men played a role in keeping an ill person company. As we learn from experience, changes were made to give women the role they deserve within society. In other words, we have fought prejudice, tradition, and facts that implied true discrimination. Yet, as everyone knows, the final victory has yet to be won.

If there were objective difficulties to conduct daily affairs then—back then, we had up to 30,000 bus trips—what about today, when the number of trips is highly reduced despite some accomplishments in the last few years such as larger buses and certain other measures implemented to increase discipline among transportation workers? We all are aware of the immense difficulties faced by the transportation sector. We are aware that many people have to get by without using public transportation and that many use bicycles. We see many women using bicycles in Havana streets to get to work. They are exposed to danger and at times also have to bring along their children. They then run home and do more chores. We have objective difficulties which burden everyone but affect women, in particular.

There is more: We can discern from your debates at the economic commission, as well as certain measures being taken and certain economic developments—such as tourism—the new problems emerging, the new concerns introduced. Likewise, the difficulties are greater nowadays in the community and everywhere. In other words, to the objective problems we all have, now we add the specific problems faced by women. We run the risk of losing part of the progress already made.

It has been stressed that the essential tasks are the defense of the fatherland, the Revolution, and the accomplishments of socialism. Following the collapse of the Socialist bloc and the appalling disappearance of the Soviet Union—when, as we have said so many times, Cuba lost its markets, lost everything, and saw its imports drop by 70 percent—and in light of today's world outlook, it was not realistic to say that we would build socialism here. We were courageous and said that to save the fatherland, which has been historically very closely tied to socialism....[pauses] Historically, because as Alarcon explained here in his 24 February address, there was one single idea, expressed so clearly in that phrase in Marti's letter to Juan Gualberto Gomez: We will achieve total justice.

The Revolution began to achieve justice from the start. That phrase by Marti reflects it all. We will achieve total justice. What does the concept of achieving total justice refer to if not to socialism? What other interpretation is possible? Alarcon explained in his address the historic continuity of that thought, all along in our struggles for independence and justice. That is what we sought, to achieve total justice. That is what it is all about, justice in every aspect. This means justice for the farmers, the workers, the portion of the population discriminated against because of the color of its skin and because of other awful things. The Revolution has sought total justice. However, we must preserve our independence under these circumstances. Our independence has always been tied to the idea of justice: Preserve the

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Revolution, which stands for justice; preserve the accomplishments of socialism, which means saving everything attained thus far.

While we have not achieved total justice, we must preserve all the justice that we have achieved. That is what it is all about. However, this is difficult. There is likely to be some setbacks in certain aspects. This is unavoidable under our circumstances. Therefore, unavoidably, some of the justice achieved, some of the levels of opportunities, equality accomplished, will be lost due to diverse economic factors. Yet, everything we can preserve—and that means almost everything—must be preserved. Many things will begin to conspire against all the justice achieved. In the case of women, this is seen clearly in the same measure that market elements and capitalistic elements are introduced into our society. It is something that we cannot avoid. In the end, certain imperative changes and reforms are introduced to preserve the fatherland, independence, the Revolution, and the accomplishments of socialism—the goal sought by our Revolution right now. The Revolution is doing this in a courageous, valiant manner in the midst of circumstances which could not be more difficult. We face a unipolar world and the gigantic hegemonism of our neighbors, who have always sought to destroy this Revolution and now feel more emboldened by the idea of asphyxiating it, giving it the final blow, because their minds cannot tolerate the existence of the Revolution and what it has meant for this hemisphere, in their backyard, which today they seek more than ever to secure.

Many people in the world can tell that this is completely illogical. Yet, in an illogical manner, they stick to the blockade, strengthen it, and try to intensify it even further if it were possible. Under these conditions, we must carry out the immense deed of preserving this project which has been under construction for a long time, since the last century, since 1868.

Some things pain us, but we must do them. The presence of foreign investment is imperative. We have no other sources of capital or technology for development or even markets, because one of our main problems is not only production but also finding markets for our products since the largest market in the world is closed to us; the market to which other countries export billions of dollars every year. They are not happy with just denying us access to that market, they also try to force others to close their markets to our products. It is not a limited effort but an all-out effort which seeks to destroy, damage, and prevent our economic development. We cannot make due without foreign investments. I believe everyone of our compatriots understands this.

We received credits from the Soviet Union for many years. The technology was not the best: I have said before that some was relatively good, some more backward. However, we also received essential raw materials, cotton for textile factories, and fuel to make everything run. Trucks, tires, spare parts, and credits were all truly fair and reasonable prices for our products. This allowed us to do what we did for so many years. In Latin America, a school is opened and everybody comes to see it because a school was built. Cuba would not have been able to open all the schools, factories, child care centers, roads, and institutions of all kinds. We were not accustomed to openings because no one had enough time for that kind of thing.

How many things were we able to do? How many have we had to stop? How many programs did we stop when that catastrophe took place? That country was surrendered to imperialism. They even began to side with its policy of blockade against Cuba at a time when all our equipment, machinery, combines came from there, in addition to the financial terms under which we acquired them. This took place in an instant. We were engaged in the rectification process and a boom in construction and development programs. Today, it is imperative to rely on foreign investments. That is what we are doing, but in a rational manner, reasoning and analyzing, and approving carefully each of the foreign capital investments.

We have had to decriminalize the possession of foreign currency, which, as a matter of fact, was already circulating since many people were using it already before the decriminalization. The currency arrived through diverse means: People were purchasing in diverse stores. There were the stores for diplomats, and people figured out ways to buy things there. There were the many stores dedicated to tourists. We had been working to develop tourism, but under these circumstances it became necessary to give it a great thrust, all the possible thrust to exploit the great natural resources of our country. We had to because we are a country that does not have other easy sources of income, such as energy or oil. This is, of course, not the only thing we were developing. We were and are developing greatly in the sciences, technology, and certain other industries which have great prospects. However, we face fierce competition and a series of protectionist measures which many countries have—either tariff or nontariff—which affect some of our important developments, depending on the level of training of our population.

We could not ignore our sun, beaches, and seas. It was not a vital necessity at other times for the Revolution, when we also had to seek development in that field and could afford other means when we had more resources and could divide such investments for domestic and foreign consumption. Tourism is a service export to us. A relatively small portion, although still somewhat significant portion, can still be allocated for domestic consumption. We allocate it mainly for workers. The distribution here, with the exception of some violations some managers might incur, of the capacities for domestic tourism is doled out mainly by the work centers.

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However, a great portion of our tourism services must be exported; otherwise, we could not afford domestic tourism. We would have to practically close off the hotels because we have to invest hard currency in the portion of tourism allocated for domestic consumption. A portion of the revenues brought by foreign tourism is invested to support the domestic tourism section available today. These are measures we dislike. Many times they are hard to understand and can only be understood well by analyzing the full figure of the nation's resources and annual expenditures to import food, medicines, and certain raw materials and things. If everyone had this picture and exact sum clearly in their minds, they would understand many things better. Some of these figures cannot be said openly. We have to maintain a certain level of discretion because we cannot give the enemy such information just like that. Let them find out if they can. However, some of these things are hard to understand.

Other activities, such as self-employment, are being encouraged, and others will continue to be encouraged. There is a need to rationalize because, above all, we have an imperative need to reduce the money in circulation. The excess money in circulation is a result of the humane measures the Revolution took—despite the lack of materials and everything—to preserve as much as possible the jobs and incomes of every citizen and not to go buy at certain new markets but to acquire certain indispensable rationed items they received. The Revolution took those measures, but those measures also implied....[pauses] Exports and imports dropped noticeably. We lack raw materials. Textile factory operations came to a halt. Thanks to associations with foreigners, we have acquired raw materials and maintained certain production levels at these factories. We are doing this with many factories. Rather than halting a factory, it is better to establish an accord with a foreign partner who brings raw materials and finds markets and, thus, saves the jobs and the factories. This can be understood by anyone. It is common sense.

What did these measures promote? They promoted a great surplus of currency in circulation. The surplus currency was already reaching intolerable levels. We began to experience a shortage of basic service workers at hospital and schools. Many people were seeking other sources of income. All that was beginning to affect education, health, all the basic national services, and production. Many people remain at their jobs out of a sense of duty. They came to work on bicycles or are experiencing great difficulties with public transportation—that is, waiting long hours at the bus stops and taking hours to return home. Yet, many people religiously fulfilled and are fulfilling their social, patriotic, and even social duties every day. What are we going to do with the sick people in the hospitals? Are we going to leave them without the services and care they require? They need the attention and care of doctors and nurses, cooks and dishwashers, janitors and everyone.

The excess currency was in the neighborhood of 12 billion pesos. Certain difficulties were experienced: All you need is for one portion of the population to not do its part to experience dire problems. It was necessary to reduce the excess currency. You have seen the measures taken, how we discussed with the population, with the workers, how to implement them, how to begin to collect the excess. Fortunately, we have begun to collect a certain amount of the excess currency. It is dropping. However, it will take time to reduce that amount of money. If the number of factory workers drops and if we are unable to quickly build many new factories, we need to create jobs and, thus, self-employment. You know how that goes. No one controls that. It is impossible. Some of the things they sell are sold at very high prices, beyond reach. It is a bit like what happens with the farmers markets, unregulated prices. If we allow everything to be sold at unregulated prices, the ration book would become a thing of the past. But what happens then to the people with modest incomes?

The farmers markets are an outlet for individual farmers, farming cooperatives, basic cooperative production units, and the state—that is, those production units which the state still controls, such as the Youth Labor Army. The state is earning some revenues, but it is simply a transfer of funds. Some are making much more, way more than any worker. The state is also trying to participate in the industrial markets as much as it can so that it can become a competitor in that sector.

I already told you about the dollar. I did not finish speaking about the dollar and the hard currencies which were, as a matter of fact, circulating in the tourist stores and the like. Many people would go to the Varadero area and buy a pig with dollars. It was a crime to carry foreign currency back then. Another job for the police, already burdened with fighting other types of crime, was to pursue hard currency carriers. The more practical thing clearly was to decriminalize its possessions. This also implies inequalities, because many people have relatives who send them money but many others do not have any relatives abroad to send them anything. Thus, an inequality is established. Anyone could turn $5 into more than 500 pesos back then, because the going rate was 140 or 150 pesos per dollar. Curiously enough, this has changed. Thanks to the diverse measures implemented, the peso has been revalued and now the rate is not so high. It was sky-high for a while. Some industries—given their importance, such as the electric industry—had sought some resources to establish hard currency incentives. We are already talking of the convertible peso. It is already in circulation. I wish it were petrodollars instead. [crowd laughs]

That would mean we are producers and exporters and have petrodollars. What we have right now is sacrifice dollars or revolution dollars...[pauses as crowd laughs] or something like that. Yet, in addition to many facilities and tourism workers who get certain amounts, the number of Cuban workers getting convertible pesos who

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are entitled to purchase in those stores is on the rise and will remain on the rise for as long as possible. In the end, whenever we get to that point...[pauses] There might be a point when all the currencies are convertible, but that might take a long time. Currently, we have to resign ourselves to the sacrifices that stem from this. This establishes inequalities. Joint enterprises are another factor. They must keep in mind not only Cuba's interests but also the foreign partner's inerests.

Personnel rosters were padded in the past. It was bad, but it was done. Unfortunately, our managers were not too concerned with efficiency or surplus personnel. Every institution in this country, without exception, has ailed from this defect. No one ever asked if the budget allowed for something. Everyone got what they requested. Education needs how much? There you have it. This other one needs how much? There you go, and so on for many years. The budget was made up of the sum of all the requests. Rosters have been padded since the beginning of the Revolution, because unemployment was rampant. Some people were fired, but many more were hired. How many people came down from the mountains? That was the onset of the exodus from the mountain region, particularly because the Revolution's armed struggle took place mainly in the countryside, although also in the cities. Nobody knows how many people followed us down from the Sierra Maestra in 1959 and in the following years. I doubt there is one of you here who does not have a relative in the mountains.

The Havana resident of pure Havana ancestry is a true rarity. He is almost extinct. Well, there is Conchita, who is a pure Havana resident...[pauses as crowd laughs] or, rather, semipure, because she emigrated from further away? But you were born here like me? In Viran Street? At your service! [applause]

Speaking truthfully, we must say that you were born here, in Havana. That is one example. But, as I was saying, the exodus began, and people moved to the cities and doubled the number of people in Havana. That is the cause of many of its problems: It has twice as many people as before. Even though new aqueducts were built in those region, that was not enough, particularly since water meters became a thing of the past. They were removed one day, we could not repair them, they did not work, and in the zest to speed up justice and quickly achieve total justice we made water free. The end result was a significant squandering of water. We must not forget that. Some people would imitate Caruso and sing an entire opera while the water ran. We must have many a frustrated Caruso here.

However, all these things happened. Havana doubled in size, although it was not like in Mexico or Brazil, where cities grew five-fold. That is because the Revolution did much in the countryside: It established universities in every provincial capital city, built schools, and provided everything they might need. The people no longer needed to emigrate to Havana thanks to the development which the Revolution promoted in the rest of the country. We could have wound up with 6 million people in Havana today, this being the narrower part of the island and all that. We do not have any large rivers here to supply us with 500 or 600 million cubic meters of water. The Sasa River can do that. There are other regions which have more and better sources of water. Electricity took a long time to reach the countryside.

Everyone who moved to Havana told a relative to come down, that they had a little cot for them at home. One brother after another moved to Havana. They had plenty of brothers and relatives in Oriente province, where the production of children never dropped. [crowd laughs]

The growth rate was enormous. Everyone came over as part of a contingent because the people of Havana no longer wanted to work construction and needed Third World immigrants. The eastern provinces were our Third World. Just as the developed countries use Mexicans, Latin Americans, and Africans, they used immigrants from Oriente, Pinar del Rio, Villa Clara, and even Matanzas—despite it being the Athens of Cuba. I have found people from every province in Havana, from Matanzas to Holguin to Granma. Who knows? Half of them could live in Havana.

Many jobs were created, and the personnel rosters were padded. The managers were always caring, noble, and generous. You have no idea how much effort the people made. There is always a story to tell and many times rightfully so. There is this or that problem and many difficulties. You have no idea how many noble hearts are out there. The state manager, in general, since it did not come from his pocket, could afford to be the noblest of all. Remember back then, when so-called free-hiring was established and there were many managers who would take note of the face and figure of the women asking for work? Do you remember that we also had to fight against that because it became a form of discrimination? Many sought youth and beauty. That was another form of apartheid against women—particularly those without beauty—although nature has given all women great gifts. [applause]

We must stress that. They were using subjective criteria. All that happened. Humankind is humankind. We had to fight all that. However, the personnel rosters were padded excessively. Now is when we are beginning to understand this. This problem has been there since the beginning of the Revolution. I do not remember how many times I have spoken about padded rosters. They listened to me a little bit, but the truth is that no one heeded my words. The forces padding the rosters were much more powerful. The Revolution also promoted education. Teachers were trained. We sought much justice and culture and rightfully so, in light of the world we inherited, a world filled with children without teachers and schools. We built more schools than any other country. We developed education more than any other country, to the point of having more teachers per capita in the world, as well as doctors and other things.

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These are developments admired by many people. Many people left the countryside. If you went to a primary school in the mountains and asked sixth grade kids what they wanted to be, they would answer a teacher, a nurse, a doctor, and so on. All that they had there were fields and mountains and the land to be planted and the coffee to be harvested. However, everyone in the schools had other goals. Of course, all the revolutionary parents wanted their kids to have a college degree. There was great pressure to have a college degree. More than 500,000 people have graduated from our universities. Others became Armed Forces or Interior Ministry officers. We had all kinds of opportunities for the youth. Most of them came from the countryside.

There is also the case of construction contingents. I always protested when I was told we did not have construction workers. We had to bring construction workers from Las Tunas and Holguin to work in Havana. The people of Havana no longer worked construction. That is the truth. We created the minibrigades and the housing projects tied to work centers and made progress in this manner. Unfortunately, later on, certain ideas became prevalent and the minibrigades were dissolved. They could have built many more homes. The Construction Materials Industry had the capacity to supply resources to build up to 100,000 homes annually. We are not talking low-cost homes here but quality homes of increased value.

It is true that there were many jobs to be had. However, the personnel rosters were heavily padded and there was a labor shortage in areas where we needed more workers. Machines replaced the workers. The ranks of sugarcane cutters began to dwindle from the first years of the Revolution, when we had to begin mobilizing people to carry out the harvest. Thousands upon thousands of workers from Havana participated in the harvest. We mobilized up to 100,000 at some point. The work force was dwindling more and more. However, offices were fully staffed. The rosters were filled to capacity in the city, as well as in the countryside. This is less noticeable during good economic times, when one has more resources. We managed to maintain the financial balance despite everything. Under the current conditions, it was no longer possible to maintain the financial balance. The consequences were very negative. Efficiency was sought: Efficiency means reducing costs, especially on payroll, and seeking out productive activities. The doors were not open to self-employment. The doors have been opened a lot and will be opened more, because we no longer have that situation where we lacked workers in certain areas in the cities. We still have many more workers in the countryside, although some people are joining the farming cooperatives. We are telling the farmers not to expect people from the cities to come down and do part of the work. We are telling them: you must do it; you are the owners of production.

The basic cooperative production units were created not long ago, within the special period, in an effort to bring man closer to labor by stressing that production belongs to him. Therefore, we say: make it produce; take care of self-sufficiency programs; you are the owners of the machinery and production, with the exception of land held in usufruct. There are millions of hectares in usufruct. We lack workers in that sector, although some people have been returning to the countryside, to the cooperatives and the basic cooperative production units—which is the same thing as a cooperative, except that its members are agricultural workers rather than farmers who have joined their lands as in the case of the farming cooperatives. Certain fallow plots are being doled out to plant tobacco, coffee, and other products. Some people are moving to the countryside. However, Cuba is not like the PRC, where 80 percent of the population is rural and 20 percent urban. Their problems is different. They now have great masses that want to leave the countryside for the city, and they do not have jobs for them. Our problem is that 80 percent of the population is urban and is waiting for the countryside to provide their food or, at least, some of their food. A portion must be imported, anyhow. We do not have the resources to produce that much by tilling the land year after year. We would have to eliminate the sugarcane. That would take too long to explain. However, we need people in the countryside. The main goal is to attain more efficiency by reducing the surplus work force; thus, the rationalization. This has not been rushed. However, we have increased the thrust. This is a difficult struggle, not at all easy because we have to create jobs. Yet, the people do not want the jobs that we have plenty of. To the contrary, we are forced to use machines and everything has to be done mechanically. We are getting some help from oxen to plant and do many things, but, in general, plowing large expanses of land is not possible with oxen. Nor did we have enough oxen or ox drivers. Also, timeframes require the speed of machines to do...[changes thought] For example, all the land plowed to plant potatoes following the yam harvest, and so on, or the sugarcane fields slated to be torn down, tens of thousands of caballerias. It is not possible to do this in a few months with oxen. This is why we use machines as much as we can. Yet, machines force us to have raw materials, metals for repairs, spare parts, fuel, tires. It is a pain year after year, particularly the fuel. The country must invest most of its income in fuel.

The electrical outages were the result of a lack of fuel and a drop in generating capacity. We lacked the resources to repair the system. These problems have been solved little by little. We have been increasing the plants' generating capacity with our heavy fuel. Its high sulphur content makes it necessary to be more vigilant in maintaining the plants' equipment, unlike the lighter fuel used traditionally. Our oil production is growing. Great efforts are being made to explore and search. If there is fuel here, we will find it. However, we must develop other activities and sectors because we cannot put all our trust in finding fuel.

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All this also had an impact on our sugar production. Sugar production totalled almost 7 million tonnes in the first year of the special period. It eventually dropped to four or so million tons. We lacked the fuel to irrigate, fertilizers, all the agricultural resources which are so important to obtaining a good yield. We lacked the metals and raw materials for the mills, the tires for the carts and tractors. We are still using the same tractors. We have not bought one more tractor. Some were modified to be pulled by donkeys and have been preserved. We have been using the same tractors for years. However, that is not what limits the number of tractors we use: The number of tires we have to bring over, primarily from the former USSR, limits the number. It is sometimes extremely difficult to complete tire deals and have them shipped. We are never truly sure it will go through. We are trying to get the molds and make the tires here. Be assured that every effort is being made to find solutions to these problems.

I was explaining briefly what forced us to take measures like rationalization. I know that you are worried about the Resolution 18 issue, which the commissions discussed in the plenary sessions. These are new things that have come up. The people naturally resist adjusting to the new rosters. This is a complex problem. It is not that easy. Who knows how many recourses we have tried? We have created commissions and sought to ensure the greatest guarantees within a quick process to solve these problems. I must reiterate that this problem must be tied to the issue of self-employment. We need to increase the number of self-employment options: If there are no jobs in the factories, the people must be given the opportunity to hold some type of job. However, this must be done in an orderly fashion: If they start to make too much money, we will have them pay taxes.

We must get used to taxes. The concept of taxes is completely foreign to this country. We are not used to this because nobody here paid any taxes. Everything came from the state budget, out of the revenues attained by the commercial enterprises, and foreign trade enterprises, and the enterprises that were profitable. In other words, the country had the resources to afford a zero tax system. I remember that when certain taxes were levied on farmers, the cooperative movement and certain other things—such as the right to retirement pay for farmers—were established. After a while, so many had retired that their contribution to social security—which was very little—was much less than the cost of the payment to the retired farmers.

We must educate the people about taxes. Some self-employed workers have very high incomes. We know of some cart drivers who make 2,000 or 3,000 pesos and already have other people working for them—one to get the feed, one to take care of the horse and cart, and so on, six or seven people. An income of 3,000 pesos is about seven times higher than the salary of a university professor. A whole sea of money! Such disparity cannot be solved by increasing everyone's salary. The problem is clear. We are fighting the problems of excess circulation to avoid the dilemma of the excess money in circulation and create a better foundation to leave behind the special period and develop the country despite so many objective obstacles. Therefore, it is not feasible to return to salaries. What we can do is reduce the value of the dollar little by little or implement certain material incentives. We cannot turn to a general increase in salaries because we would be deceiving ourselves. We have foreign companies and managers in charge in many hotels because they have more experience and it gives time to our people to learn the trade's modern management techniques. These are new circumstances.

Have no doubt, inequalities and privileges will be unavoidable. Some people will have large incomes, and others will have smaller incomes. This is unavoidable. The number of self-employed workers, as well as self-employment options, certain handmade operations, and small-scale operations, must increase. This must be done. We must consider the prospects for developing small and medium-sized enterprises and the state's role in all of that. However, you must understand that the circumstances are different than those before, when we could develop activities to correct certain injustices.

You also discussed the prostitution problem. Unfortunately, this is a reality. Some people are choosing to live off prostitution. This pains and hurts us. This phenomena is generally connected to tourism. We are concerned with not only the moral aspect but also the health aspect. We have taken great care to protect our public health and not to let anyone mar it or endanger it through such an activity. This can result in an increase in diseases, which have been reduced to a minimum and are tightly controlled. The efforts to contain AIDS, for example, have been great. We have protected the entire population from that great scourge and from other sexually transmitted diseases.

This is a problem that worries us, and rightfully so. It goes beyond the moral aspect, which is perhaps the most important thing. There is also the issue of Cuban image. This forces us to think and rethink and struggle. You also discussed the issue of people who rent rooms or apartments. There are different cases. You acknowledged that it is not an easy struggle, that you have conducted ideological education efforts. We will have to come up with more effective measures or formulas. That is not easy to do. You spoke about studying measures. We will have to analyze what to do. We cannot, in any way, resign ourselves to accepting these emerging phenomena. They are tied to different factors—such as the development of an activity—and to economic difficulties. Yet, these factors do not justify it at all. We are not willing to promote that type of self-employment or, as they are called in some places, sexual services enterprises. [crowd laughs]

That term is used in some capitalist countries, but I forget which ones. These problems are connected with

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the times, which make it harder and more difficult to work and force us to tackle, for example, the problem I am discussing.

You have truly expressed new and old problems: We have been struggling with the old problems for a long time, while the new problems are a result of the special period. You spoke about the measures being taken, about the capitalist elements which we are forced to introduce, these market elements we are forced to introduce and which promote inequalities which pain us, and with which we have no other choice but to coexist because it is preferable to coexist with some of these problems than to lose the fatherland, the Revolution, and accomplishments attained by our country. We must sacrifice something. The struggle against all these problems will be, of course, more meritorious for us, for this generation, for our people today.

A comrade, a medic, who spoke so beautifully, stated that she is proud of being part of this era, experiencing the period. I have said that this is one of the most difficult periods in the history of Cuba, one of the hardest periods which requires more spirit, more merit, more sacrifice. I do not know of any comparable period, although Cuba experienced Weyler's reconcentration, which is what imperialism is trying to repeat today in Cuba, with more, and more blockade, and every possible effort to stop us from taking a breather, an all out effort to asphyxiate us through deprivation, hunger, disease, and everything. Our people are living under new, different conditions, unlike those of 1868 or 1895. Spain was the enemy back then. There is no comparison between Spain's might and the might of the United States today, in terms of economic resources, technology, military might, political might, communications, and all kinds of power. How does it compare? This battle is against a giant. Fortunately, there is solidarity in this world. More and more people are becoming more and more aware.

Many rejoiced immediately after the Socialist bloc, particularly the USSR, disappeared. The euphoria dies down as they learn more and more about what is happening there and begin to understand what that country's disintegration truly means. It was truly incredible that it happened to a country with such enormous resources, energy, mines, credits, everything. They did not have a blockade. Current economic production is at World War II levels. The population is dropping. Health care expenses are out of reach. Pediatric diseases are on the rise. The life expectancy rate is dropping. It is incredible. I do not want to get into it.

The news is worse every day. One ruble is worth $5,000 or $4,500 [figures as heard], or so the students and many visitors tell us. You can get breakfast, lunch, and dinner on one ruble. A total of 80 rubles a month was a good allotment for the students. There were thousands, upon thousands of students. There was security and everything. Today, horrible things are happening. Imperialism imposed all those neoliberal measures and privatization, all at a fast pace. We are not doing any of those things. We would be crazy to do so. We are moving slowly and sensibly. This is why we have been able to resist. We have been at it for several years. Our resistance, what Cuba is doing is admired in the world. These are more difficult times, times of greater sacrifice, more meritorious times. The next generations will admire this period as one of the most meritorious ever in our history. I say this frankly. I think and believe this is so.

We are now dealing with an entire people, the needs of millions of people. In the bush, the Revolution dealt with our own needs alone. We dealt with the needs of our rebel forces. The Mambises dealt with the needs of its ranks. They did not have to deal with the problems and needs of the entire population. We must deal not only with all the needs of the entire revolutionary population but also with those who are not revolutionaries. Medicine at the hospitals, medical care, and education is provided to all. The revolutionaries must take care of all that and struggle to preserve all that since it cannot be any other way.

Certainly, one of the things most ardently admired about our country by foreign investors is the level of education of our people. They cannot find anything like it anywhere in the Third World or developed countries. They admire the speed with which our people learn and assimilate ideas, as well as admire our character, spirit, and honesty. In today's world, where corruption is prevalent among political officials, Cuba is the exception. This used to be common in the Third World but nowadays is common in Europe and more developed countries. People coming to do business in Cuba greatly admire the honesty of the people dealing with them, officials who do not ask for commissions and do not take bribes. This is the result of the efforts being made. We should not regret this. Many envy us for having such education and health care systems. We have kept the infant mortality rate below 10, despite the special period. This, comrades, is incredible, almost miraculous. This is an accomplishment which has remained firm thanks to the efforts of our health care personnel. We have done much. Many abroad do not acknowledge what we have accomplished in many fields, but we have done much in other fields. Yet, this is not so easily understood.

These successes are not mentioned. Yes, Cuba has had successes in health and education! Has it not been successful in vindicating women, in eliminating racial discrimination and many of the vices that were prevalent in our society, in creating values, and in establishing morals and a spirit such as the one the Revolution has engendered in our people? What about the qualities developed in the bosom of our people, the heroism developed in the bosom of the masses? There are many values which they will be unable to understand. What about what we have accomplished in terms of infrastructure, roads, dams, and factories? Factories are not producing as they should because of the lack of fuel, raw

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materials, and all the things I have explained. This forces us to undertake a colossal effort to some day have every factory working and to modernize those that need it.

Other dangers present themselves under the conditions FMC comrades struggle today. As a result of these circumstances, there is the danger that people will begin to appreciate all that even less. As a result of these circumstances, the awareness of the importance of being fair with women might decline and the awareness of the importance of the FMC's social, as well as political, work might become underrated. The FMC has helped the Revolution, while seeking justice for women. We run the risk of things being underestimated. The people, burdened by their daily problems, might not remember all this. Thus, the guard is let down. I believe we must warn against this and warn you. I believe we also run these risks when confronted with setbacks and all these objective circumstances, which reduce the role of the party and the state. It can no longer afford to simply issue administrative measures—as we did before—to solve many problems. We must continue implementing all the measures needed and all the new ones that might be adopted to the new circumstances to prevent from going backward. It is particularly important not to go backward in terms of the mindsets of the population and the mindset of the men. This is a subjective aspect derived from all these circumstances which I have mentioned and which makes the struggle harder.

Yet, I can tell you that the revolutionaries will be beside you, the party will be on your side. In the same way the party manages to ward off negative influences; in the same way the party upholds and even increases its consciousness of the need for this struggle which we have waged and still have to wage under more difficult conditions in this special period; and in the same way the state, ministers, party members, political and administrative cadres, youth cadres, and cadres of the mass organizations are aware that the women have to struggle under more difficult conditions now and need more support, the party will be on your side. [applause]

Another important thing is to understand that women are a tremendous political force. Women need the Revolution's support today more than ever. The Revolution needs the support of women today more than ever. More support is needed as times get harder. We cannot afford women becoming discouraged, to allow them to feel relegated, to let them feel that the zest in the struggle for justice has diminished.

Today, there should be more zeal in the struggle. Today, more than ever, our entire people, all our institutions, party, government, mass organizations, and the youth must remain revolutionary because today, more then ever, many things threaten the revolutionary spirit. What took place globally was an almost absolute demoralization. Some speak of the end of history and socialism and all that. That history has yet to be fully written, what role was played by those who became demoralized, what role was played by those who relinquished their principles before the enemies of socialism. We have not relinquished a single banner of socialism, not a single ideal of socialism, not a single principle, hope, or the spirit of combat it brought to the world, the enrichment brought to the world by Marxism and Leninism.

We are not ashamed of referring to Marxism nor are we ashamed of referring to Leninism. Of course, the principles they developed as great revolutionaries must be adapted to today's world, to the conditions of today's world. There cannot be a dogmatic following. They require interpretation, flexibility. However, the essence, the basic ideas, the basic truths remain. We have seen what is happening everywhere in the world. It is horrifying. I am not going to bore you with details or speak long. However, the more we see happening in the world, the more we appreciate socialism, those of us who are aware of what is happening in the world. The more we see the destruction in the former socialist countries and the USSR, which had attained such great miracles, the more we appreciate the principles of socialism and the more appalling we find the things which capitalism and imperialism have brought to the world.

These times require us to become more revolutionary and not less. We, at least, have proven that in these very difficult times we have been able to resist, have demonstrated more spirit, and the true revolutionaries have demonstrated our capacity to be more revolutionary. [applause]

True revolutionaries have never moved away from Marti's principles, have never moved away from the ideas of the forefathers of the first revolutions and struggles for our independence. We have always stressed that it was the combination of Marti's ideas, the Cuban revolutionary thought, the principles of socialism, the ideas of Marx, Engels, Lenin that gave shape to our revolutionary ideology. However, when revolutionaries have to struggle under these conditions, when they have to tackle up close the many manifestations of capitalism—such as market conditions, inequalities, and the injustices which anger all of us, because mankind, in general, and the Cuban people, in particular, after having experienced many years of revolution, have such an awareness of justice, equality, opportunities for all, nothing angers us as much as privileges—we have to be more revolutionary to live side by side and remain revolutionary and continue struggling. It would still be better than the conditions experienced by revolutionaries living under capitalism because here the revolutionaries—not the privileged—hold the power. We are not going to create a capitalist society. A government of the bourgeoisie or the rich is not going to be set up here. We have advocated a government of workers and for workers, even if we have capitalists in our midst.

There have always been certain forms of private property which were maintained in the countryside. We have more that 100,000 small farmers. Half of them have

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joined basic cooperative production units which are performing well. The others are still individual farmers, some 70,000. There are many other. Who knows how many have small lots yet do not belong to the National Association of Small Farmers? There are people who have land to produce food for themselves and for the markets and other outlets. I said that we have given some of that land in usufruct for them to work those fallow plots.

The Revolution itself promulgated the Urban Reform Law, which transferred property in usufruct to the residents of the homes. Necessarily, more elements of private property, production, and capitalism and market will be introduced. We must do it. This is what common sense dictates must be done. Yet, given the strength of the revolution, we must not fear this. Of course, capitalists, in general, think that all this will corrupt us. Undoubtedly, all this promotes corruption. There is no doubt about that. However, we must not blame the corruptors but blame ourselves for allowing them to corrupt us. Whomsoever is committed to not let anyone corrupt him, will not be corrupted by anyone. [applause]

One cannot let others corrupt oneself. It is impossible for our people to forget the principles of the Revolution, the principles of socialism, the noble goals, all the justice it brought. It is impossible for our people to wish to return to capitalism, that is the most horrifying of things, it is hell that our people knew, although not so much the youth because they did not experience that era. We must tell them how it all was.

However, our youth have demonstrated extraordinary qualities and extraordinary capacity for sacrifice. They have fulfilled missions of solidarity across the globe unlike any other people, with infinite generosity. Much will depend on us, on how we educate them, on how we teach them essential values, on how well we can relay the revolutionary message. We must be stronger than all these elements tending to weaken or corrupt us. That will be a gauge of our intelligence. The Cuban people are not only courageous and heroic but, above all, intelligent. The people must understand all these things, why they are being done. This is also the work of more than one generation. It involves work which began in 1868 and which we still uphold a century later, at a more difficult time and against an enemy more powerful than ever. However, just as the might of imperialism has grown, so has the capacity for our people's heroism and the revolutionary spirit. They are coming to their wit's end having to face us today, seeing that they cannot crush us. They become desperate and plot ever more absurd, irrational, and bizarre things as they face our people's heart of steel. However, the steel of our hearts has to become harder and harder. [applause]

Changes in the spirit are becoming noticeable. People coming from abroad tell us that so many things have changed, yet we have not noticed that much change. Some things are changing. There are some new things. A heightened spirit is seen following the traumatic blow, just like being hit in the head with a pole, when one's vision is out of focus momentarily until one regains control. We are already recovering from the trauma. The world still has to fully recover from the trauma. It will in time, once it notices the atrocity of the failure of the system they are trying to impose on the world. This will help the world overcome the trauma more quickly.

I do not want to mention examples, but there are several already in this hemisphere on the outcome of the theories which the empire is trying to impose on the world. I do not want to give names, but how different it is from what is happening here! We—having lost what we lost, without fuel or raw materials, and making due without many things—have not closed a single school, hospital, or child care center or laid off a single teacher. On the contrary, we are trying to draw teachers and nurses back into their professions so that services remain high at the schools and hospitals and so that they can fulfill their social and human duties. Material rewards or money cannot drive everything. Many things must be done out of a sense of honor, dignity, and humanity. We know very well that these values are needed, particularly in these times, not only because of the elements being introduced but also because the objective difficulties are a petri dish for errors. Crime tends to rise, although this was happening before the special period. We were aware of this trend, a trend against which one must always fight and today more than ever.

These are the ideas I wanted to express. I have thought about everything you have said, everything discussed. I am personally deeply convinced of the enormous importance of this congress, the immense political importance of women, your decisive role in the economy and services in these hard times, and the level of awareness, capacity, and admirable arguments used here, as proof of the great education which the new generations have today to understand, work, and struggle. This is why we have the most absolute tenet that women, in a simple and natural manner, as Marti said, will fulfill their corresponding role in this heroic and glorious period, the most heroic and glorious period ever in our history.

This is why I say with great conviction: Socialism or death! Fatherland or death! We will win! [crowd applauds and shouts: We will win!]

Castro Arrives in France, To Speak at UNESCO

FL1303133695 Havana Radio Progreso Network in Spanish 1200 GMT 13 Mar 95

[From the "First Thing" program]

[FBIS Translated Text] Commander in Chief Fidel Castro arrived in France for a three day visit. This morning Fidel Castro met with President Francois Mitterrand's wife and is scheduled to have lunch with President Mitterrand, with whom he is going to hold

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talks. In the afternoon, Fidel Castro will give a speech at UNESCO headquarters and tomorrow he will meet with French businessmen.

Castro Interviewed on Visit

LD1303212295 Paris France-2 Television Network in French 1900 GMT 13 Mar 95

[Interview with President Fidel Castro by Francoise Joly in Paris on 13 March—recorded, in Spanish with superimposed translation into French]

[FBIS Translated Excerpt] The Cuban president is dining with Georges Marchais, former national secretary of the French Communist Party. [passage omitted] Fidel Castro considers his visit to France to be the reparation of an injustice: The apartheid practiced against us is over, he told Francois Mitterrand. Just after their meeting he answered questions from Francoise Joly and Philippe Jasselin. As you will hear, he is fulfilling something of a dream in coming to Paris:

[Castro] One must always have attainable dreams, and for a long time this trip to Paris has not been attainable, but it has been a dream of mine since childhood because of the great admiration I have for your country. I read a great deal, and I became a revolutionary as I learned French history.

[Joly] And why was this dream not realized earlier?

[Castro] The necessary international conditions were not in place. Now the world is in the process of changing.

[Joly] Is your not coming to France sooner perhaps connected with the human rights situation in Cuba?

[Castro] It is the United States which has developed to the greatest degree these campaigns and this theory about the supposed human rights violations in Cuba.

[Joly] How do you answer people who say to you that you are a dictator? What do you think about that?

[Castro] I pay no attention to it when there are more powerful people than I, and I am one of the heads of state with the least power in the world. It it true that I have influence. I am not the one who appoints ministers and ambassadors, or even many civil servants. We live in a country in which power is widely distributed. I do not have the sole exercise of power nor do I exercise absolutism. We govern by means of collective institutions.

[Joly] There will be presidential elections in Francein a few weeks. When are you thinking of holding presidential elections in Cuba?

[Castro] They take place every five years, but our procedures are different from yours.

[Joly] Are you considering a multiparty system?

[Castro] Not just now.

[Joly] Why?

[Castro] Because we are a united people and not a people fragmented into a hundred pieces.

[Joly] Why have you replaced your military dress with this suit?

[Castro] Because I am a little jealous of all of you here. I did not have one, and I was told by my entourage that I absolutely had to be well dressed to come here.

France 'Sympathizes' With Cuba

FL1303145595 Havana Radio Rebelde Network in Spanish 1255 GMT 13 Mar 95

[From the "Doing Radio" program]

[FBIS Translated Text] Cuban President Fidel Castro was received today in the French presidential palace with the honors reserved for chiefs of state. Castro entered the palace formal courtyard through the main entrance located in Saint Honore street. He was welcomed by the presidency's military commander, who accompanied him to review a Republican Guard detachment.

President Francois Mitterrand welcomed Castro in the Palace stairway where they had a lengthy hand shake and posed for photographers and cameramen before entering the palace for a meeting, followed by lunch. Fidel Castro was officially invited by UNESCO, which has its headquarters in Paris.

The Cuban leader also attended a breakfast with President Mitterrand's wife— a close friend of Cuba—this morning, and will meet Philippe Seguin, president of the French National Assembly, in coming hours.

Fidel Castro's first visit to Paris responds to an invitation made by Federico Mayor Zaragoza, UNESCO director general. Regarding Castro's visit, French Foreign Minister Alain Juppe stated that France sympathizes (esta en linea) with Cuba, and also denounced the unilateral blockade.

Fidel Castro arrived in Paris from Denmark, where he attended the World Summit on Social Development, with approximately 100 other leaders.

UNESCO Director Quotes Castro, Proposes Solidarity Pact

FL1403001995 Havana Radio Reloj Network in Spanish 2032 GMT 13 Mar 95

[FBIS Translated Text] Commander in Chief Fidel Castro today spoke at UNESCO headquarters in France, where he was enthusiastically welcomed by diplomatic workers and officials. President Castro met with UNESCO Director General Federico Mayor Zaragosa and presented him with a sculpture by Cuban artist Ramon Naiti. During his speech, Fidel stressed Cuba's social successes, achieved under very difficult conditions chiefly due to the U.S. blockade against Cuba. Fidel also

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referred to the changes underway in Cuba, geared toward new methods to achieve efficiency, preserve accomplishments, increase production, and expand joint ventures.

In greeting Fidel at UNESCO headquarters, Mayor quoted a sizable portion of Fidel's speech at the World Summit in Copenhagen. Mayor offered UNESCO's hospitality to Fidel, adding that the institution extends an open, hopeful welcome to Cuba, especially now that we are preparing to establish a new moral contract. Mayor pointed out that a new solidarity pact must be drawn up at the dawn of the next millennium, and called for world cooperation with Cuba.

Prior to arriving at UNESCO headquarters in Paris, Fidel met with Philippe Seguin, president [as heard] of the French National Assembly, and with French President Francois Mitterrand.

NGO Alternative Resolution: 'Place Human Beings at Center'

FL1303152395 Havana Radio Rebelde Network in Spanish 0000 GMT 10 Mar 95

[Interview with Luis Suarez, director of Study Center of the Americas, by correspondent Carlos Sanabria Marrero in Copenhagen, Denmark; from the "Exclusive" program—live or recorded]

[FBIS Translated Text] [Sanabria] In Copenhagen, Denmark's capital, the Nongovernmental Organizations' [NGO] alternative summit's document has just been approved. The NGO are participating in a meeting parallel to the social development summit. We have with us here, Comrade Luis Suarez, director of the Study Center of the Americas. What are the contents of this document?

[Suarez] Essentially, this is a document that came about during our meetings these past few days. In the measure that we, the NGO, have seen that the final resolution of the social development summit, which is about to be completed, does not solve the main problems—which the NGO have been calling the summit's attention to—therefore, the idea of making an alternative resolution gained strength. This morning, in a meeting that took place among NGO representatives, our document was virtually approved. Now comes the signing process. The NGO will look for more supporters, and some of these organizations, which are also present in the official summit, will begin to talk about what is already officially known as Copenhagen's alternative resolution. We could say that [words indistinct], which to date has not dealt with [words indistinct]. We hope this will add something to the summit, but unfortunately in all the discussions we have held with government representatives—in our case we have been participating in the Latin American caucus—we do not find [passage indistinct]...satisfactory from the government's point of view, negating the possibility of broaching internal and external structural difficulties which cause the problems that are being discussed at the summit. Therefore, all we have is a lot of pretty statements and a lot of pretty dialogue. Of course, there have been advances in certain sectors. We cannot say that there have not been some advances made, but these advances are still not enough. If this first step—holding the social development summit—is not followed up by modifying international economic structures, and if the criteria which now exist in the world with regard to economic policies are not changed to place human beings at the center point of economic policies thus enabling them to play the key role in development, it is going to be very difficult for the problems under discussion at the summit to be resolved. That is what Copenhagen's alternative resolution essentially covers. A resolution which has appeared before the summit's resolution, and which is expected to be signed by the heads of state this weekend.

[Sanabria] Thank you very much, Luis Suarez.

Raul Castro Urges Army Activities To Be More Profitable

PA1303193095 Mexico City NOTIMEX in Spanish 1735 GMT 11 Mar 95

[FBIS Translated Text] Havana, 11 Mar (NOTIMEX)—Raul Castro, the Cuban defense minister and Army general, has called the directors of military firms to implement marketing technologies and to increase the profits made by the economic sector under the control of the Armed Forces.

The official GRANMA newspaper reported this Saturday that Raul Castro, the second secretary of the Communist Party, had also urged them to "attain production levels that are competitive in quality, price, and opportunity."

"Today, more than ever, the efforts that most of you are making are what will allow the Armed Forces to be increasingly less costly," Raul Castro stated at a meeting to evaluate the progress of industries and firms managed by Cuban military personnel.

GRANMA published a report on the meeting to analyze the efforts made by the FAR (Revolutionary Armed Forces) in industries, farmimg, stores, hotels, hospitals, handicraft workshops, and other firms.

The report, on the two middle pages of the newspaper, does not indicate when the meeting was held. However, it does indicate that Vice President Carlos Lage, the architect of the economic reforms; military officers; and other high-ranking government officials attended it.

Under the heading "FAR Promotes Business Improvements," the newspaper said this was the fifth assessment made after the Armed Forces implemented, eight years ago, business systems in the productive firms under their control.

The FAR, according to the source, has hundreds of firms in the construction, industrial, services, health, agriculture, cattle breeding, geodesy, and cartography sectors.

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Those sectors have almost 60,000 workers and operate under a self-financing, administratively decentralized system.

Lieutenant Colonel Armando Perez Betancourt reported that the firms under military control generated more than 85 million pesos (a Cuban peso is equivalent to a U.S. dollar, according to the official exchange) in profits during 1994, and that they had eliminated almost 40,000 employees from their payrolls.

GRANMA points out that the system implemented in 1977 attempted to demonstrate that military-run firms "can be efficient" and to eliminate the mistakes and deficiencies which characterized the island's economy from 1975 to 1985.

It noted, however, that the improvements in military-run businesses "have been even more important in the special period," which is the name given to the crisis that disrupted Cuba after the disappearance of the Soviet Union and the Socialist bloc.

Until the beginning of the decade, Moscow supplied most of the weapons, ammunition, and military training for the Armed Forces of this country, which has felt the weight of the U.S. commercial embargo for more than 30 years.

The evaluation of 266 firms, however, did find deficiencies in planning, quality, payment systems, and low levels of trading.

Canada Backs Havana Conference on 'Chemical Arms'

FL1403030695 Havana Radio Rebelde Network in Spanish 0000 GMT 14 Mar 95

[FBIS Translated Headline] The Canadian Government has contributed financial support to the holding of a regional seminar on chemical arms, which begins in Havana on 14 March.

National Defense Law Goes Into Effect

FL1303210095 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 25 Feb 95

[From the "NTV" newscast]

[FBIS Translated Text] After several drafts and modifications, the National Assembly of the People's Government approved the Law of National Defense on 21 December, which goes into effect today.

[Begin Raul Castro recording] This is such a complex law and it has so many implications that it affects everyone from a nine-day-old baby to an 90-year-old man. There are many issues broached in the law. This is very important for the Revolution's survival, defense, and continuation; and it is even complex for us—the military—who have spent seven years working on it. [end recording]

The National Defense Law clearly defines the main defense role of the Communist Party of Cuba as a directing and superior entity in society and the state. Cuba's military doctrine is based on the concept that all Cubans would take part in war, which summarizes the historic experience of Cuba. It is based on the deployment of the territorial defense system and the use of all of society's and the state's forces and resources. The forces that take part in Cuba's defense—in armed combat (lucha armada)—are the Revolutionary Armed Forces [FAR], the Ministry of the Interior's organizations and units, and the productive and defensive brigades. The law also regulates those exceptional situations, such as the state of war or war, general mobilization, and the state of emergency. During these situations the National Defense Council would implement general conditions and their compliance would be obligatory. These conditions would be implemented bearing in mind the circumstances and the territory in which the situation would take place. The exercising of constitutional rights, referring to the right to work, liberty of speech and press, right to assembly, the inviolability of one's home, [words indistinct]...people detained. In this sense, Cuba has a deeply democratic legislation and it is aimed at preserving man's values.

During exceptional situations, the National Defense Council is the entity with maximum political and legislative power. It functions directing military preparations, armed combat, national order, security, foreign policy, and economic, social, and judicial control, as well as civil defense and political control.

The issue regarding military service is something that interests everyone. As everyone knows the military service is made up of active service and the reserve. The law now establishes that active service has been shortened from three to two years and the time to be in the reserve is shortened to one year. In this manner, both complement each other and can not exceed three years. With regard to the Youth Labor Army, two months have been added to be used as military training period. The FAR minister can demobilize citizens before these time periods have elapsed, if he deems this as necessary. The FAR ministry can decide if the period of active military service could be done in an alternative manner, as long as the corresponding military training is guaranteed.

The law categorically states, that no worker will have salary or additional benefits—which are implemented to stimulate production and services—affected by the time they spend in military training to defend Cuba.

The law refers to Cuba's social and economic development in conjunction with its defense interests by establishing the requirements to be followed for investments, purchases, production of equipment, studies, and economic and scientific research, thus enabling this information to be used productively in times of war.

It is not a coincidence that this law becomes effective today—24 February is not just the date that our struggle

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for independence commenced, but it is a symbol which proves that no matter how many difficulties, we Cubans will fight to defend the Revolution. The Revolution is Cuba's independence. That is why this law, which comes to institutionalize the Revolution's defense, is the supreme guarantee of Cuba's independence.

New Roads, Rebuilt Equipment May Improve Rice Production

FL1403131095 Havana Radio Rebelde Network in Spanish 0000 GMT 14 Mar 95

[Report by Fernando Davalos from the "Exclusive" program]

[FBIS Translated Text] Two newspaper stories last weekend reported significant events that will bolster activity in the rice production sector, a strategic branch of the food production industry. Today, Cuba spends $500 million on foreign goods, more than reason enough to prioritize everything that benefits production of these goods nationally. Such benefits are the rebuilding of generating systems in the rice growing regions of Pinar del Rio, and the completion of the highway between Sancti Spiritus and La Sierpe.

The first bit of news means that rice yields can be increased, in that during the last campaign, the Pinar del Rio plantations that had generating systems—only 11 percent of the agroindustrial complex's total farm land—produced 37 percent of all rice harvested in the province. Painfully, generating efforts in the rice fields had to be halted four years ago due to lack of fuel. Now, these labors have recommenced on 300 hectares, using a more economical method that is equally productive.

The other piece of news—the new 15-km highway—in addition to benefiting residents of La Sierpe, will allow at least 30 tons of rice to be transported, which represents a large portion of the harvest in south Jibaro, and saves 400 tonnes of fuel because of the shortened distance. One could say that all residents of south west Sancti Spiritus will benefit from the new road, because, although it is not very long, it also has brought the construction of a 340 meter viaduct over the Cayajana River. The two works—the generating system, and the new road—denote a positive change in the nation's possibilities, even though our material resources continue to be limited.

Relation Between Art, Economy Viewed

95CA0151A Havana TRABAJADORES in Spanish 30 Jan 95 p 10

[Article by Culture Minister Armando Hart Davalos]

[Text] On a number of occasions we have emphasized the importance—under our specific conditions—of studying and strengthening the ties that link the economy and culture. The creative explosion that the Revolution has made possible in artistic expression has served to expand the international prestige of our culture, with the result that at the present time our culture represents an exportable category that plays a decisive role in the implementation of our cultural programs. Only in this way—together with the financing of programs and the creation of a Fund for the Development of Culture and Education following the extinction of the Soviet Union and the demise of the socialist camp—have we been able to impart continuity to the extensive cultural promotion that has been taking place in our country.

This is one specific aspect of the relationship between culture and the economy. There is another aspect: art, linked directly to the priority programs of development such as science, the health services, and tourism. It is a contribution that is measurable and representative. Working since 1990 in an enhanced environment, hundreds of our artists have created pictorial, sculptural, ceramic, graphic, and artisanal works for 89 hotels, 11 hospitals, 10 centers of scientific research, and 54 other public facilities. In the field of tourism, art forms a substantial part of the Cuban capital that has been invested in economic partnerships with foreign partners.

The work realized by the Union of Writers and Artists of Cuba is helping to stimulate and orient these endeavors. We should also acknowledge the contribution made by the scientific institutions and tourist organizations; the comrades of the ministries of Public Health, Science, Technology, and the Environment; the Ministry of Tourism, since its creation; and the construction enterprises, all of which have welcomed and encouraged our artists and put their best efforts into facilitating the artists' labor, including the planning for the new projects.

The nation's top political leadership, and Comrade Fidel in particular, have promoted this concept of linking art to the development programs. We are duty bound to call attention to a certain person who by virtue of her sensitivity and tireless activity became a pioneer in promoting the creation of an artistic environment for the works constructed by the Revolution. Accordingly, when one speaks of beauty in its social function—of art for the enjoyment of the community—we must without fail point to the supreme example of Celia Sanchez.

There is still another aspect, however, that we should not ignore. The fact that scientific workers are able to carry on their activity in a favorable aesthetic environment has a decisive influence on their state of mind—something that is essential to the fruition of their creative talent. This may not be measurable in arithmetical economic terms, just as we cannot measure the infinite with a tape measure. Indisputably, however, art helps to humanize labor and to encourage better human attitudes for work in the field of research. We could say the same of other scientific centers, hospitals, and tourist facilities. In connection with the latter, an index had to be found—a difficult although obviously necessary task—in order to

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calculate how great a role an appropriate environmental enhancement would play in increasing the "utilization of their abilities and therefore in obtaining greater revenues for the nation."

This economic impact of art is central to a concept that we defend from revolutionary positions and that should constitute a focal point of our thoughts. From the early days of the Revolution, the thinking of Fidel and Che was oriented toward consideration of a cultural dimension of economic development. It is not solely a question of linking art to production—of linking the artists to the investment programs—although that is part of the concept. It is a question of something more profound and of wider scope. In a world where developmentalism prevails, where profits are the primary consideration, and where productivity is achieved on the backs of millions of the marginalized and the unemployed, the advanced technologies do not take into consideration the damage caused to the environment, while man is ignored and alienated by an unnatural consumerism. The alternatives to development that we are proposing—even in the midst of the current serious shortages and difficulties, or perhaps precisely because of them—are formulated in such a way that man will not lose his essential humanity; nature and the ecological balance will be respected; and the material and the spiritual will be complementary and compatible categories.

This harmonious integration of culture and development—an integration that presupposes the hierarchization of culture in connection with the solidification of economic activity and the rationality of development programs—is one of the problems that causes the most concern among honest intellectuals and thinkers throughout the world, who point out that the actions of not a few politicians, technocrats, and executives of the most powerful nations on the planet—spurred on by the hegemonic pretensions of international capital—either ignore or scorn the cultural dimension of development and are leading the human species into serious difficulties and possibly even to its extinction, as Fidel pointed out years ago at the Earth Summit.

We shall be able to perfect the modern era only in the measure that culture and development are organically articulated. This is not rhetoric but rather a dramatic imperative of these end-of-the-century times.

Our country has much to contribute to the clarification of this problem, and not only in the form of theoretical contributions such as those that are forging new paths in the vanguard of contemporary Cuban thinking, which has adopted the banner of science and conscience—a dialectic unity that is at the very center of our cultural tradition. We can also contribute a number of practical examples, one of which is the work being carried out by the Center for Environmental Design (which is associated with the Cuban Fund for Cultural Assets) and the Cuban plastic arts movement, in association with the institutions of science and tourism. This is a challenge and a commitment that we shall know how to assume. It is also an urgent political necessity—one that is based on a logical and humanist vision of the present era, and on a perception of development that has its roots in the preaching of Jose Marti and in the ethical principles of our socialist plan.

ANPP Permanent Commission Criticizes Granma Officials

FL1303161195 Havana Radio Rebelde Network in Spanish 1800 GMT 11 Mar 95

[From the "National Radio News"]

[FBIS Translated Text] Members of the National Assembly of the People's Government [ANPP] Permanent Commission to oversee the ANPP local bodies visited Granma Province from 6 to 10 March.

Visitors disclosed errors, lies, and ignorance by cadres and officials, which debilitate the work of government institutions in Bayamo and Manzanillo municipalities.

The final report indicates that the assemblies in these municipalities do not discuss their basic problems, adopt formal accords, nor implement efficient control to guarantee the compliance of these accords. Visitors also noticed scarce and deficient care for people's concerns, lies regarding alleged solutions, and management leaders who ignore and disregard local ANPP accords.

Other problems stem from the faulty job delimitation between local assemblies and their management councils, which creates conflicting roles, and limits the authority of delegates and the assemblies themselves.

The visit of the ANPP Permanent Commission to oversee the ANPP local bodies uncovered lack of discipline by some delegates during the last progress report process, and substitution of managers without bearing in mind the presidents of the people's councils.

It was found that Manzanillo municipal assembly reached only six agreements on basic problems during the 16 sessions held. It was also found that one of the people's council presidents was substituted without the knowledge of the sector's delegates.

ANPP secretary Ernesto Suarez, criticized the negligent and sluggish job by most of the management, as well as their lack of control, and questioned the effectiveness of the government's local bodies in representing the people.

Brazilian Delegation Meets Vice Foreign Minister

FL1103030595 Havana Radio Rebelde Network in Spanish 0000 GMT 11 Mar 95

[From the "Exclusive" program]

[FBIS Translated Text] The visiting Brazilian delegation from the state of Minas Gerais, led by Governor Eduardo Brandau, began talks today with the Foreign Ministry. Foreign Relations Vice Minister Jorge Bolanos

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welcomed the Brazilian delegation, which also includes Vice Governor (Walfrido Silvina Dosmares), and Minas Gerais Health Secretary Jose Rafael Guerra. Vice Foreign Minister Bolanos described the delegation as highly representative of the Brazilian state, which in many ways is very similar to Cuba. In response to questions from delegation members, Bolanos discussed foreign politics and international relations. The governor of Minas Gerais and his delegation will complete their very full agenda on 12 March.

Statistics on Building Collapses Reported

FL1403003295 Havana Tele Rebelde Network in Spanish 1730 GMT 11 Mar 95

[Report by Anchorman Julio Acanda and Unidentified Correspondents; from the "NTV" newscast]

[FBIS Translated Text] [Acanda] The midday newscast has a news team in Habana Vieja, specifically in San Pedro No. 16, where yesterday a building under repair collapsed. Latest reports indicate that three people were killed and eight injured. The names of the deceased are: Emilio Castro, Jose Antonio Llanes, and Joaquin Lopez. As you can see, five apartments of the building next door also collapsed. At this moment, an investigation is underway to determine the causes of the accident. Let us see if our reporters have any more official information.

[Unidentified correspondent] Could you give us more details on the building?

[Unidentified official] At this moment, the building has been condemned since all five stories collapsed. [Words indistinct] five apartments. We have two apartments that were partially affected. We have this building right next to it, which lost its balconies, and one of the walls could collapse anytime.

[Acanda] The walls that remain standing are now being demolished to avoid further accidents. According to a report that just arrived from the NATIONAL NEWS AGENCY [AIN], there were 614 cave-ins [derrumbes] in Havana during 1994. A total of 375 demolitions and thousands of underpinnings took place. According to the AIN, of the 556,000 homes in Havana City, 49 percent of them are in normal or poor condition. Approximately 134,000 are repairable, but approximately 88,000 are beyond repair.

Unions Urged To Assist UBPC's

95CA0151B Havana TRABAJADORES in Spanish 30 Jan 95 p 2

[Editorial: "Let Us Help Consolidate the UBPC's"]

[FBIS Translated Text] So long as we do not increase sugar, agricultural, and livestock production to ensure the inflow of foreign exchange that our country needs and also to ensure an adequate supply of food, there will be no completely satisfactory way out of this exceptional period.

There can be no thought, however, of achieving a stable and economically rational recovery in the sugarcane sector until the Basic Cooperative Production Units [UBPC's] are developed and consolidated.

Nor will there be an adequate supply of agricultural products if the UBPC's created in the various crop sectors, the livestock sector, and other sectors fail to achieve the levels of efficiency and productivity that can potentially be attained.

In the first place, there is the problem of the UBPC labor force. Tens of thousands of men and women are still needed to round out the labor force that will be required. The proportion of workers per caballeria [aproximately 33.2 acres] is everywhere insufficient, and there are an infinite number of localities with empty agricultural areas because not even a minimum of personnel has been assembled to form a UBPC.

In the second place, there is the problem of the oxen. Agricultural labor under today's conditions—and for presumably a long time to come—is inconceivable without an adequate supply of yokes of oxen for the cultivation and preparation of the soil.

Logically, however, rounding out the complement of oxen is not a realistic solution if the UBPC personnel do not possess the various implements and equipment needed to till the soil, or the provisions necessary for each yoke of oxen to be in condition to work.

Similarly—and here we find the third problem that must be solved—unless there is sufficient progress in matching the manpower with the area under cultivation, no one can know exactly how much manpower and how many yokes of oxen a specific land area will require.

The fourth problem has to do with intensive exploitation of the area devoted to production for self-consumption. The root vegetables, plantains, leafy vegetables, and grain needed for the workers and their family members can be produced—even with a limited number of personnel, if they work efficiently—in addition to a good supply of milk, meat, and other foods.

But in order to attract the new revenues that must be generated in the UBPC's—including those needed in order to achieve stability among the current members of the cooperatives—the pace of housing construction must be speeded up. This is the fifth problem—the fifth and last side of the geometric figure that symbolizes the development and consolidation of our UBPC's.

The initial contribution that the unions can make to benefit the new cooperative movement is to make the workers and union leaders aware of the systemic relationship that exists among the aforementioned five problems, and to make them aware that we must struggle to

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make progress in all five if we wish to genuinely develop the Basic Cooperative Production Units.

We now know, through bitter experience, that in those sugarcane UBPC's that neglected self-consumption, individual garden plots immediately came into existence and there was a decline in the interest and amount of time devoted to producing the principal crop.

We also know that when a UBPC has no oxen, no amount of workers will be sufficient, because just one yoke of oxen replaces the labor of 20 or more farmers. Moreover, there are some types of labor that neither men nor machines can perform.

Equipping the UBPC's with the necessary complement of oxen is a process that must be speeded up in the near future, because this is understandably one factor upon which the future of Cuban agriculture absolutely depends.

What can the union movement do in this respect?

It can take to the workers this urgent message: In the provinces and territories, motivate the cadres of MINAZ [Ministry of Sugar Industry] and MINAGRI [Ministry of Agriculture] to make a commitment to speed up this process; to coordinate their efforts with those of the workers in the machine-building industry to do their utmost to produce plows and other implements; to honor and encourage the workers in the field of animal traction; to anticipate the material and organizational conditions that will be necessitated by the increased number of yokes of oxen in the UBPC's; to strive to have each municipality and each province work toward the complete fulfillment of concrete goals; and to identify—by first and last name—the principals at every level who are responsible for attaining these goals.

With respect to the incorporation of UBPC personnel, one should distinguish three levels on which to act. In the first place, the family members of UBPC personnel who live on the premises should be invited to see—to be persuaded and convinced—that they benefit from the successes achieved by their cooperative, and also that when they have genuine ties to their particular area, they will be strongly motivated by the economic results acheived by their respective families, whose income will be proportionate to the level of their production.

In the second place, there are an infinite number of persons in the villages and towns who are capable of working in agriculture and who—when informed of the possibilities—would join the UBPC's. In the urban areas as well, there are people who are unemployed and could be invited to join the cooperatives—a source of manpower that for the short term could prove to be very rewarding.

In the sugarcane UBPC's, for example, where the yields are between 70,000 and 80,000 arrobas [one arroba equals 25.37 pounds] per caballeria, the annual income per UBPC member would be at least 6,000 pesos. If you add to this the value of the products that are received under the self-consumption program—products that cost the worker many times less than in other markets—it can be assumed that within the near future the best remunerated persons in the nation will be those who belong to the UBPC's.

On the other hand, the union movement should help to induce a large number of volunteer cane cutters—and other cane cutters who are permanently mobilized and who actually work in agriculture most of the year—to join the cooperatives. It would be an opportunity for these cane cutters—who are generally very productive—to increase their income while continuing to assist the nation in a decisive manner.

We know that it is very easy to enunciate all of these objectives and that their implementation is, on the other hand, very complex and arduous. If these problems are not solved, however, not only will recovery be impossible in the sugarcane sector but also the forward leap that must be made in agricultural and livestock production, with all that this would entail for the well-being of Cuban workers and for the preservation of the nation's independence.

For this reason, in the majority of the provinces where the plenary meetings of the union movement have been held as a prelude to the third cycle of the Efficiency Assemblies, the idea of taking to the upcoming congress of the CTC [Cuban Workers Federation] a labor balance sheet that is dedicated to promoting the consolidation of the UBPC's—and to acting on the aforementioned five problems that can be regarded as fundamental—has suddenly burst into full flower.

It is encouraging to see that provinces such as Villa Clara and Sancti Spiritus have already defined their aspirations with respect to the number of yokes of oxen needed for the UBPC's and the time they need to achieve this result, which obviously cannot be put off forever.

What is needed is to establish—in all areas—concrete goals for incorporating new personnel into the UBPC's; developing production for self-consumption; linking the individual to the area; meeting the quota for yokes of oxen; and determining when, how, and where the indices of housing construction will be improved.

Let us make an in-depth study of the roads that lead to these solutions. Let us devote the intelligence, enthusiasm, and effort of the workers to the task of achieving these goals, which the workers—in their own interest and in the interest of the entire nation—need to fully understand.

The union movement is neither the only factor—nor the most important factor—that can lend impetus to the consolidation of the coooperative movement. We have real potential for helping to achieve this goal, however, and we shall spare no effort in making our contribution.

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Haiti

Aristide Receives U.S. Congressmen at Private Residence

FL1403020695 Port-au-Prince Signal FM Radio in French 1130 GMT 13 Mar 95

[FBIS Translated Text] President Jean-Bertrand Aristide received a U.S. Congressional delegation, led by Republican Benjamin Gilman, at his private residence in Tabarre. The head of state, in a brief speech, warmly thanked the U.S. delegation for having come, and took the opportunity to stress some points of major importance to his government, such as the upcoming arrival in Port-au-Prince of President Clinton, the support of the U.S. Congress for the government of the Republic, and finally, the creation of jobs in the country to alleviate the unemployment situation, the main concern of his government at this time.

[Begin Aristide recording, in Creole] The 31st of March will mark a very big celebration in Haiti because we are going to receive President Clinton. [words indistinct] He will see here the results of what we did. Since 15 October, we have been moving in a spirit of democracy to build a state of law. While preparing for the election of new members of Parliament, [words indistinct] so we can prepare honest and free elections. That will help us [words indistinct] will allow us to keep the spirit, the spirit of peace, the spirit of [words indistinct] since the multinational force arrived in Haiti on 19 September. Ambassador William [Lacy Swing] and General Fisher know my [word indistinct] so we can move forward in this way. [passage omitted] [end recording]

Government Convenes Primary Assemblies for Voting

FL1403021595 Port-au-Prince Radio Metropole in French 1700 GMT 13 Mar 95

[FBIS Translated Text] At the request of the Provisional Electoral Council, CEP, the government has convened primary assemblies to elect members of the administrative councils of the communal sections and municipal councils, as well as deputies and two thirds of the Senators of the Republic. The government decree issued on 12 March by the Ministry of Information, stipulates in Article One: The primary assemblies are convened to elect all the CASEC members, all members of the municipal councils, all the members of the Chamber of Deputies, and two thirds of the members of the Senate.

Bastien Pleads Innocence to International Community

FL1403023795 Port-au-Prince Radio Metropole in French 1700 GMT 13 Mar 95

[FBIS Translated Text] Within the framework of the plot against state security revealed by the current government, one of the arrestees denies any involvement in this affair. Former Major Patrick Bastien writes to Interior Minister Mondesir Beaubrun to denounce what he considers a settling of scores, of which, he says, he is a victim. If I were guilty, writes Mr. Bastien, logic would have prompted me to take flight as soon as the government press release was published, mentioning the existence of a plot. Patrick Bastien, arrested on 5 March, challenges the interior minister to prove that he [Bastien] is part of any plot. The former major cited various facts to explain his victimization in the settling of scores. The plot, according to him, was entirely hatched by a mind that refuses to understand the message of reconciliation from the president of the Republic. Recalling the circumstances of his arrest, Mr. Patrick Bastien makes the interior minister responsible for his security, his life, and the lives of his family.

I am making a point of informing the country and the international community that I am today facing an enemy named Mondesir Beaubrun, now the interior minister, he writes. A copy of this letter from the former Haitian Armed Forces major is addressed to international personalities and institutions, including Pope John Paul II, former U.S. Presidents George Bush and Jimmy Carter, to the civil mission, the association of Latin-American Lawyers and to the U.S., French, and Canadian Embassies.

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Salinas' Departure Said Not Result of Zedillo Petition

PA1403031695 Mexico City REFORMA in Spanish 13 Mar 95 p A-1

[Report by Georgina Solis]

[FBIS Translated Text] Former President Carlos Salinas de Gortari left the country on 11 March, but not as the result of a negotiation or formal petition by President Ernesto Zedillo, government sources announced yesterday.

He decided to leave, according to unofficial reports, due to the circumstances created following the arrest of his older brother Raul, his disobedience of the rules of the system, and the responsibility society attributes to him in the economic crisis, they stated.

The officials, who chose to remain anonymous, also denied an alleged meeting by Salinas with Zedillo at Los Pinos Presidential Palace on 9 March during which the departure of the former president had been negotiated.

The last time they spoke, the same sources said, was over the telephone on 24 December, and they have never met since then.

During his fast, which lasted less than two days, in Monterrey, Salinas de Gortari traveled from the capital of Nuevo Leon to the Toluca airport the morning of 3 March.

Asked upon his return whether he had talked with President Zedillo, Salinas said he had not traveled to Mexico City only to meet with a representative of the president. "Salinas has told many lies," the sources explained.

Arturo Warman, secretary of agrarian reform, and Luis Tellez, chief of the Presidential Office of the republic, are the liaison agents Zedillo used with his predecessor the past few days.

Only they and not the president spoke to Salinas on various occasions, the sources added, but none of the two made a formal request for him to leave the country.

"He decided to leave due to the circumstances he faced," they added.

The house of the former president in Tlalpan has been vacant since 11 March, they stated.

According to unofficial reports, Salinas de Gortari and his family have been living in the city of New York or Washington since this past weekend.

Article Views Fall of Salinas Group in Legislature

PA1103141295 Mexico City EL FINANCIERO in Spanish 8 Mar 95 p 52

[Article by Victor Chavez]

[FBIS Translated Text] The virtual fall of the Salinas group from power will result in a reorganization and reconstruction of forces in the Chamber of Deputies during which group members will be removed from posts on the most important committees.

In the opinion of several PRI [Institutional Revolutionary Party] members in the Government, Treasury, and Trade Committees, the latest political events surrounding the Salinas family could result in a change in the committees and in the presidential cabinet.

Although it is true that several days ago some legislators believed that Chamber of Deputies leader Humberto Roque was going to the Fisheries Secretariat, now they affirm that their leader has done a good job.

His permanence, they say, will depend on the account President Ernesto Zedillo gives of the approval of the proposed financial package and of the proposed bill for dialogue and conciliation in Chiapas.

Nevertheless, a bleak future is foreseen for Francisco Suarez Davila, president of the Treasury Committee, Antonio Sanchez Gochicoa, president of the Programming and Budget Committee, and Oscar Levin Coppel, president of the Federal District Committee.

Some unhappy PRI members insist that within the PRI there is anger, concern, and even indignation, but the highest level "today appears to be undergoing 'de-Salinization,' and everyone has become a Zedillo follower."

They indicated that the small tight-knit group that controlled the Chamber of Deputies is made up of 10 persons: Humberto Roque Villanueva, Juan Jose Osorio, Dionisio Perez Jacome, Francisco Suarez Davila, Jose Ramirez Gamero, Augusto Gomez Villanueva, Hector Hugo Olivares Ventura, Pindaro Uriostegui, Rosario Guerra, and Natividad Gonzalez Paras.

This group is believed to be among those that will undergo "forced changes" in the Chamber of Deputies.

They say that every day there are more and more "rebel" or "reforming" PRI groups, so things will not be easy.

PRI members believe that given the events surrounding the Salinas family and the economic and political debacles, a change is imminent in President Ernesto Zedillo's cabinet. The first to fall will be Carlos Rojas, secretary of social development.

The members also indicated, however, that the above changes entail risks. "It would be disastrous and a political setback if the 'dinosaurs' were to reach the highest level of Mexican power."

As for the Chamber of Deputies, the members contend that the PRI and the diverse political forces have reached an understanding and developed a relationship which would end if an old guard PRI member were given leadership.

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All PRI supporters have realized that the fall of the Salinas group is a fact.

PRI President Advocates Slowdown of Economic Opening

PA1103184695 Mexico City LA JORNADA in Spanish 8 Mar 95 p T 21

[Report on interview with PRI President Maria de los Angeles Moreno Uriegas by Jose Urena; place and date not given]

[FBIS Translated Text] PRI [Institutional Revolutionary Party] leader Maria de los Angeles Moreno Uriegas believes it is essential to revise the Mexican economic program and take official measures to protect the industrial sector, the currency, and jobs.

She spoke in favor of reopening NAFTA talks with the United States and Canada and modifying the pace of the opening to assure the immediate resumption of growth, even if it means moderate inflation.

She also supports measures to reduce banking intervention, although without a direct cost to legitimate interest rates and while encouraging credits devoted to productive projects that create jobs.

In an interview with LA JORNADA, Moreno noted that all available means must be used to help the nation: rates, floating indicators, prices and tariffs, better use of resources, duties, and exceptions.

PRI President Moreno spoke out after we commented that paragraphs had been removed from her speech on Saturday. Moreno read the speech to President Ernesto Zedillo and part of his economic cabinet, including Finance Secretary Guillermo Ortiz and Trade Secretary Herminio Blanco.

She explained that the paragraphs had been eliminated because they devoted too much time to economic aspects—her professional expertise. Her analysis examines the crisis which resulted when Mexico began to follow the model of intense opening.

"Economic models tend to make general interpretations and to suggest uniform actions that, when they are not revised and adjusted to a nation's specific characteristics, can have less desirable results than when they are undertaken in nations with greater growth, development, and economic and technological realities.

"In my opinion, it is well worth the effort to analyze the appropriateness of these measures and, if necessary, correct, reorient, and/or fine tune. No nation can indiscriminately accept a formula without adapting it to the country's particular conditions. It cannot simply be applied across the board."

It is not that I consider the opening bad in itself, but "when it is implemented swiftly in dissimilar economies it can be destructive and make it difficult for new industries to flourish and provide complementarity," as is the case with NAFTA.

Maria de los Angeles Moreno noted that Mexico has fallen into a new crisis without a broad protective cushion: The productive sector is weak, purchasing power is much lower, and there are no opportunities to broaden consumption. "The shock is very severe" for the needy.

The economist and former fisheries secretary recommended "first, to focus on the effects of the crisis on those who have felt it most severely, such as workers in the fields and the cities."

Second, we must "revise the economic model. If we must go slower in the opening, we should then revise barriers and protection for industries and see that jobs are not lost as abruptly as they threaten to be."

This must be done as soon as possible. She specifically noted that emphasis must be placed on producing and encouraging consumption of local products and discouraging consumption of luxury items or junk that is produced here or abroad, thanks to the opening.

[Urena] You sound like the opposition. Have you changed your mind?

[Moreno] The model allowed us to diversify production and justified it as a way to join the new world order more quickly and to bolster the infrastructure. I propose that we give it more time to gather strength and then review the pace and timetables. Then, if it is necessary, we should take fiscal, financial, and monetary measures.

In the hand-written interview, the former senator and leader of the Chamber of Deputies insisted that it is necessary to review "without harm. We must find the best plan for now and for the nation's specific situation."

Contrary to the opposition, she did not support the idea of neglecting financial obligations abroad. She remarked, however, "that the needs of the people must be met."

[Urena] Economists such as Jose Luis Calva have criticized Mexico's serious intention to reduce inflation to a single digit and eliminate the budget deficit, even if it this means recession and unemployment.

[Moreno] Here it is necessary to have faith once again. It is true that there has been an attempt to keep inflation at a single digit, but it is preferable to grow and to have jobs. That is why it is imperative to foster productive activity.

New instruments must be created to make sure that the $20-billion support package helps stabilize the exchange and interest rates. When these figures are very high, they discourage production.

In this respect, Moreno spoke out in favor of new support mechanisms to protect salaries and increase

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consumption. She noted that the National Solidarity Program is good, but other means must be created.

The reporter reminded her that previous Secretary General Pedro Joaquin Coldwell and Information and Propaganda Secretary Heriberto Galindo touted a no-budget deficit as an achievement of the previous government. Moreno interrupted and rebutted:

"There was, however, a deficit in attracting funds from abroad." The objective is to grow at a quicker rate than the population and distribute revenues better while establishing a general trust that attracts and, above all, retains foreign capital.

To achieve this, balanced formulas are required that should be based on the use of all variables of the best options. In the past, public finances were controlled and positive actions were taken, but "we lacked the time to implement corrective measures."

Almost at the end of this interview on the economy, the leader said that everyone must cooperate, not just the government but above all investors, businessmen, and consumers. The PRI, she noted, will make its contribution.

[Urena] Will the party present these—your opinions, new in their context—at the Congress?

[Moreno] If it is a matter of modifying the laws, yes it will. If the analysis indicates that only executive action is required, then it will not.

[Urena] And as a debate?

[Moreno] A debate, yes, certainly there will be one.

Ortiz Replaced as Spokesman for Economic Action Plan

PA1103035095 Mexico City Radio ACIR Network in Spanish 0000 GMT 11 Mar 95

[From the "Evening News Panorama" newscast]

[FBIS Translated Text] The Finance Secretariat has reported that Fernando Valenzuela has been appointed official spokesman for the Action Plan To Strengthen the Agreement of Unity To Overcome the Economic Emergency—a program announced yesterday.

In a communique, the Finance Secretariat said that with this appointment the government intends to fully and in a timely manner fulfill its duty to keep the Mexican people well-informed on decisions made to overcome the economic emergency.

Valenzuela heads a group of officials from the Finance, Labor, and Commerce Secretariats, which are in charge of implementing this program. The Finance Secretariat added that the official spokesman and officials from these secretariats will be tasked with reporting to the people on the progress of the program in each of their areas of responsibility.

Therefore, Finance Secretary Guillermo Ortiz will no longer serve as the official spokesman.

International Bankers' President Views Economy

PA1103162695 Mexico City EL FINANCIERO in Spanish 8 Mar 95 p 6

[Article by Gerardo Flores]

[FBIS Translated Text] Sergio Contreras, president of the International Bankers Club, believes that in the next six months Mexico will experience zero economic growth, the exchange rate will be between 5 and 5.50 pesos to the dollar, and inflation will rise between 25 and 30 percent. Contreras added that some foreign financial institutions have shown interest in purchasing the virtually bankrupt Mexican banks.

Contreras, who is also a representative of the Banca di Roma, praised Mexican authorities' decision to intervene in banks with capitalization problems as this measure assures depositors and the financial system in general that the authorities are taking firm, timely actions.

Sergio Contreras explained to EL FINANCIERO that productive investment is viable in Mexico as it is no longer a nation of "six-year terms" but is already involved in the international economy.

He indicated that although foreign banks are geared more toward the Mexican corporate sector, they do not offer many options in the nation's economic situation.

He said that according to the International Bankers Club's analysis, several Mexican financial institutions are facing serious cash problems and mature portfolios that require capital for operations and growth.

Contreras, who is also treasurer of the Business Council [previous two words published in English] of the European Union in Mexico, emphasized that productive capital will benefit the nation and said that the acquisition of Mexican institutions by foreigners would revitalize the system. He noted that foreign banks have an even greater presence in the financial sectors of Latin American nations such as Argentina, Chile, Brazil, and Venezuela.

During an interview in his office, Contreras explained that Mexican banks must solve their problems through Fobaproa [Savings Protection Banking Fund] and Procapte [Temporary Capitalization Program], although the origins of these organizations' resources are still unknown. He commented that one of the biggest mistakes made by the Mexican banking system was to grant credits too easily.

He emphasized that the recapitalization of banks could take months or years, but that should not be cause for concern for the nation. The country should channel such concerns into a sound economic program to generate trust.

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He noted that this is why it is important that the government explain the goals for this year or for the coming 18 months. "A framework of economic reference is required to make forecasts. We should all know the costs of services provided by the government, fiscal aspects, estimated inflation, exchange rates, and so on."

Sergio Contreras mentioned that it was urgent to encourage in Mexico a culture of savings and to adjust levels of education as the nation lacks experts with mid-level and technical educations.

He also explained that the feasibility of the neoliberal model is being discussed around the world as there is a consensus that it is neither a realistic program nor is it structurally positive for a nation to grow economically by taking giant steps.

He said that the model is applicable if the plans are applied moderately and slowly, otherwise the economies could "fall apart."

He said there is no doubt that Mexico took a step backward in its attempt to sail into the next century with a solid economy without a financial crisis. "We know there is unemployment, bankruptcies, cash and salary problems, and uncertainty." Nevertheless, he says the country must not panic but remain calm, because the current situation will only delay us somewhat in our attempt to develop. He added: "Under no circumstances will it bring us to our knees."

He explained that the foreign banks have not changed their plans to broaden their markets in Mexico, nor have they suspended their supply of resources to the nation, "as the philosophy of these institutions is to invest for the mid- and long-term."

He explained that Mexico is currently at an economic impasse and that recessions are not bad as they teach us a lesson. The lesson is that we were accustomed to hearing good news and to growing in giant leaps. "We must remain calm, because Mexico has generated significant wealth. Now we only have to reorder the political, economic, and social factors."

To conclude, he noted that the problems faced by local banks of "matured portfolios, which should be classified more as difficult portfolios," should not be neglected.

Private Bankers Against Congressional Audits

PA1303010695 Mexico City EL FINANCIERO in Spanish 10 Mar 95 p 44

[Report by Georgina Howard]

[FBIS Translated Text] Private banks emphatically oppose the auditing of the credit institutions as proposed by the Chamber of Deputies' Oversight and Major Audit Committee, because, they stressed, the sale of the banks, "without exception, was carried out in accordance with the regulations imposed by the authorities. [quotation marks as published]

Senior executives of the Mexican Association of Bankers warned that the situation of "some banks" cannot be generalized because those are "very specific" cases that have been dealt with in a timely manner.

They recalled that the privatization of the multiple service banks was conducted under "clear and aboveboard" regulations, which were even corroborated by officials of the Finance Secretariat.

The executives, who asked to not to be identified, explained that "the cases of Cremi-Union, Havre, or Banpais should not be confused" with the situation that prevails in the rest of the credit institutions.

They said that with the exception of the aforementioned cases, no missing capital or diversion of loans has been found to date in the banks.

They clarified that despite the situation of lack of capital being experienced by all the institutions, "there is no risk of bank failures," because there are adequate mechanisms to resolve this shortage without endangering the survival of the payments system.

They said the banks are constantly supervised and inspected by the National Banking Commission, the Finance Secretariat, and the Bank of Mexico, and they comply with all the official requirements for their operation.

A senior executive said "they now want to blame everything on the banks. We are not only accused of being usurers but also of being destabilizers, taking dollars out of the country, and being corrupt."

The bankers, like all the other sectors in the country, are also suffering the effects of the crisis, the lack of liquidity, the devaluation, the increase in interest rates, the depletion of capital, the drop in profits, new requirements to increase supplies, and debt falling due.

Despite this, the banker stressed, "we are not corrupt and we are not involved in illegal operations in our credit institutions."

One must recall, he said, that many credit institutions were sold, and the participants complied with all the requirements imposed by the authorities. "They do not see why the legislators are now asking for audits of the financial middlemen," he added.

The prominent banker said the country's problems are not going to be solved through audits or through groundless accusations that only create more uncertainty. I think, he said, many bankers are against what the Chamber of Deputies' Oversight and Major Audit Committee is proposing.

Commission Denies Banca Serfin Facing Financial Problems

PA1103234895 Mexico City XEW Television Network in Spanish 0430 GMT 10 Mar 95

[Report by Jacobo Zabludovsky; from the "24 Hours" newscast]

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[FBIS Translated Text] There are rumors about Banca Serfin. This evening I received a bulletin from the National Banking Commission. It states: The National Banking Commission denies rumors that Banca Serfin is facing financial problems that prevent it from punctually fulfilling its obligations. Regarding this, it stresses that there are institutional mechanisms available to all Mexican banks to permit them to resolve temporary problems of liquidity in foreign currency. The National Banking Commission also reports that at Banca Serfin's request, it has accepted its participation in the temporary capitalization program.

The National Securities Commission also reports that Operadora de Bolsas is functioning normally.

Businessmen in Various States Oppose Tax Increases

PA1103042595 Mexico City REFORMA in Spanish 9 Mar 95 p 1A

[FBIS Translated Text] The imminent tax increases in the government's pending economic program have triggered angry reactions among businessmen from Nuevo Leon, Jalisco, Puebla, Tamaulipas, and Oaxaca States, as well as threats to suspend payments to banks and the Finance Secretariat.

"We will not accept tax increases, this is one of our minimum," [as published] said Antonio Sanchez Diaz de Rivera, president of Coparmex [Employers Confederation of the Mexican Republic]. "We are asking the government to make severe cuts in spending, as well as another basic request that the government's economic policy focus on direct investment in the business sector."

In Monterrey, more than 400 businessmen rallied at the Government Palace, singing the National Anthem and waving signs with slogans opposing tax increases and calling for support for jobs and the manufacturing sector. One of the signs read: "Solutions without delay, or we will not pay."

Fernando Villarreal Palomo, director of the Manufacturing Industry Association in Nuevo Leon, said: "We are not ruling out filing an amparo. This is one option, and we will study it as a possibility."

Industry representatives and Socrates Rizzo, governor of the state, will meet today with President Ernesto Zedillo to discuss their demands.

On Tuesday, industrialists from Nuevo Leon threatened to go on a one-day strike if the federal government does not heed their demands not to increase taxes.

In Jalisco, Leopoldo Montelongo, president of the Coordinating Council of Industrial Chambers, warned his group will reject any tax increase, adding that it is willing to form a common front with the businessmen from Nuevo Leon.

In Tamaulipas, organizations of the Civic Council of Citizens also signed a banner in which they ask for immediate measures to rescue the manufacturing sector and jobs.

In Puebla, the Business Forum, comprising businessmen and industrialists from that state, demanded that taxes not be increased, income be increased, and that private initiative be made a part of social security.

Leopoldo Lozano, president of the Chihuahua branch of Coparmex, pointed out that the executive branch must enter a process of austerity and efficiency. "If this process implies that the president himself has to cut all expenditures of the Presidency of the republic, then we are prepared to demand it," he said.

On the other hand, Jose Madariaga, president of the Mexican Association of Bankers, said Nuevo Leon manufacturers must carefully consider their responses, because it is not through work stoppages that they will resolve the countries' problems, but by recommending solutions.

Abelardo Morales Puron, general director of the Serfin Financial Group, stressed that prudence must reign in this time of crisis.

Labor Foresees No More Economic Pacts With Government

PA1103044195 Mexico City Radio ACIR Network in Spanish 0000 GMT 10 Mar 95

[Report by Marisela Palacio; from the "Evening News Panorama" newscast]

[FBIS Translated Excerpt] A meeting got under way around 1600 at the Labor and Social Welfare Secretariat between Labor Secretary Santiago Onate Laborde and the labor sector. The labor leaders, who were apprised this afternoon of the general guidelines established in the new government's economic program, which will soon be released, said there would be no more pacts or economic agreements.

After meeting for one and one-half hours with Labor Secretary Onate, the labor leaders headed by CTM [Confederation of Mexican Workers] leader Fidel Velazquez, emerged annoyed, upset, and reluctant to comment on the meeting. They said that on 10 March the labor sector would disclose its position following a meeting at the Labor Congress. Nevertheless, because of reporters' insistence, Velazquez said there will be no more pacts.

Meanwhile, Francisco Hernandez Juarez, president of the Trade Union of Telephone Operators of the Mexican Republic, said there will be no more emergency programs. He added that, based on what it was told, the labor sector anticipates a difficult economic climate in which the people will have to continue tightening their belts. Here is Hernandez Juarez.

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[Begin recording] [Hernandez] Very difficult. Terribly difficult.

[Unidentified reporter] Within the country or [words indistinct].

[Hernandez] Within the country. We have economic problems, and the biggest risk is that the country itself and its economy may collapse. It is obvious that, because of this, we must very seriously consider the government's position. We must carefully review this position and issue a unified statement that will prevent speculation and contribute to the achievement of the government's goals. [end recording]

Hernandez Juarez also said that a consensus has not been reached among the productive sectors that signed the pact, and, therefore, there will be no more agreements. He said, for example, that in the case of the labor sector, it had asked for the deregulation of salaries, but the government rejected this request. The labor leaders said there are many doubts concerning the program outlined for them today. In turn, they will calmly examine it and then express an opinion.

The labor leaders added that society will ultimately decide whether or not this program will work. Others who attended the session also said that during the meeting they were asked to support the government's measures. [passage omitted]

Correction to Article Warns Zedillo About Salinas

PA0603191195

The following correction pertains to the item published in the 6 March 1995 Latin America DAILY REPORT, headlined "Article Warns Zedillo About Salinas," pages 16-17:

Page 16, column two, paragraph eight, only sentence, reads ... legal procedures against Raul; the PRI leadership **imposed** by Carlos Salinas, such as [PRI Secretary General] Maria de los Angeles Moreno, which has done all it can to **excuse** .... (rephrasing for clarity)

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Guatemala

Government, Rebels Seek To End Indians' Segregation

PA1303172095 Panama City ACAN in Spanish 1925 GMT 12 Mar 95

[FBIS Translated Text] Guatemala City, 12 Mar (ACAN-EFE)—In Mexico on 13 March, the Guatemalan Government and guerrillas will try to finish a debate on the identity and rights of the Indian peoples, whose historic "social exclusion" has created an "apartheid" in this country and an obstacle to peace. Delegations from the government of President Ramiro de Leon Carpio and and the Guatemalan National Revolutionary Unity [URNG] again will sit down at the negotiation table after they were invited by the United Nations, which is mediating the peace process. In the talks, which opened in April 1991 and broke off last October, the two sides will debate the situation of the Indian peoples, who represent 60 percent of Guatemala's population of 10 million.

According to Raul Molina, a member of the United Representation of the Guatemalan Opposition [RUOG], the political arm of the URNG, the purpose of the talks is to "break" the "apartheid" that has in fact existed in Guatemala.

Molina, who resides in the United States but visited Guatemala this weekend, commented on the causes that sparked the armed struggle more than 34 years ago, causes that in general are rooted in political, economic, and social "exclusion." "The Guatemalan people have not only been excluded from political power, but have been the victims of racism in society," he told ACAN-EFE.

He said that this segregation of the Indian peoples is a "loss" of their identity and failure to recognize their values, culture, and rights. He said he hopes that the document the sides will debate in Mexico will make possible to recover these rights and that the coexistence of "different cultures that deserve respect" in the country can be recognized.

But it will not be the signing of an agreement what will close 500 years of social isolation of the Indians, he said. "Naturally, correcting this situation will require, not only an agreement for fundamental change, but a different attitude in general," he said.

Indians representatives have spoken out and expressed their demands to the peace negotiators through the Civilian Society Assembly [ASC], which groups most of Guatemala's social sectors with the exception of management.

Last year, the Indians' representatives presented a document, endorsed by the ASC, which describes the Indians' aspirations to enjoy rights they said have been denied them "from time immemorial." These include: the right to be taught in their own language and have their values, culture, technology, and vision of the world respected. "If it is stipulated in various programs that it is the state's duty to develop them, then we will be able to begin breaking this discriminating practice," Molina said.

Molina, former dean of the state-run San Carlos University's Engineering School, says the government must "relax its hesitation on the Indian issue." This refers to the regional autonomy that the Indian communities are demanding in order to exercise the right to choose their own form of government.

Sociologist Hector Rosada, president of the government's Peace Commission [Copaz], again and again has ignored this demand and instead favored municipal autonomy.

Another obstacle in this process is the official "resistance" to recognizing Guatemala's national, multicultural, and multilingual nature, an "objective" fact that must be included in the Constitution, Rosada said.

According to private research institutes, 22 Maya, one Garifuna, and one Xinca ethnic groups coexist in Guatemala. There is also the Ladino group, which holds economic and political power.

In addition, there is a direct relationship between the Guatemalan Indian population and the fact that 80 percent of the population live in extreme poverty.

Nevertheless, the Indians have succeeded in having many of their demands accepted by the two sides, Rosada said. He added that the various sectors' "political willingness" will be necessary for the government to recognize Indians' rights. As long as the government does not do this, the Indians will keep making their demands and pressuring the URNG into "refusing to sign an agreement that does not include these basic demands," he concluded.

The Indian issue is part of the so-called "substantial issues" of the peace talks aimed at finding solutions to the causes of the war.

The war in Guatemala, the only one which continues in Central America, has caused the deaths of 150,000 people, sent another 45,000 into exile, and uprooted 1 million throughout the country, according to humanitarian organizations.

Honduras

President: Foreign Debt Impedes Development

PA1203163195 Madrid EFE in Spanish 2150 GMT 11 Mar 95

[FBIS Translated Text] Copenhagen, 11 Mar (EFE)—Honduran President Carlos Roberto Reina told EFE today that the foreign debt is "like a tombstone" and

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expressed confidence that the Paris Club creditor countries will write off 67 percent of Honduras' obligations.

"The process is under way, and we are taking it for granted," Reina said in Copenhagen, where he is attending the World Social Development Summit, which will close tomorrow with the formal adoption of a plan to combat poverty, unemployment, and social disintegration.

Reina told EFE that Honduras' total foreign debt is approximately $3.5 billion and that its debt service represents 40 percent of the country's budget. In addition, 35 percent of the budget goes to basic social programs such as education and health, he added.

Conversely, and contrary to what former Costa Rican President Oscar Arias said recently, the country's military budget is only 3.8 percent of the national budget. Reina said he is "very satisfied" with the legislature's approval of the military reform.

When he speaks at the summit plenum on Sunday, Reina will focus on the idea that "the fundamental aspect of this struggle against poverty is that it is a political decision." This decision, however, "will be difficult to propose, and even more difficult to implement if there is not complete sensitivity," because it is necessary "to simultaneously combat corruption, which causes much poverty," and eradicate very old situations. All this is included in this political decision, "which is of a very sound and ethical nature in view of the situation."

Reina was accompanied to Copenhagen by Foreign Minister Ernesto Paz Aguilar.

In his speech, Reina will emphasize that technology transfers from North to South under favorable terms and international financial cooperation are necessary to combat poverty. In this regard, he applauded the international financial institutions' "positive disposition" toward his country. Nevertheless, he firmly criticized the increase from 7 to 11 percent of the value-added tax proposed by his predecessor. He said that the multilateral financial institutions showed "understanding" and that the country's financial situation is "much more comfortable" now that a letter of intent has been signed.

Regarding the summit documents' invitation to the multilateral financial institutions to seek innovative formulas to alleviate the foreign debt burden of low-income countries, he said it would be better to use "flexible language." "It all depends on the intentions," he said. Reina said he is confident that Japan, Sweden, France, and other countries "very much want our countries to overcome the tragedy the Cold War handed down to us." "The war ends and then they ignore us. That is what we have to change," he said.

Reina participated with the presidents of Costa Rica, Nicaragua, Guatemala, and El Salvador in an outside event dealing with the social challenges posed by the Central American Alliance for Sustainable Development.

Reina, who joined the presidents of Cuba, Bolivia, and Colombia and the heads of state of Malaysia and Austria at a luncheon hosted by Danish Prime Minister Poul Nyrup Rasmussen for leaders attending the summit, said the U.S. embargo against Cuba is a result of the Cold War and that creativity is required to settle the matter.

We should not say it is the United States against Cuba but that it is "a problem among Cubans." If that is true, Central America could offer its good offices through an Esquipulas III congress, he said.

Reina will travel to Sweden on Monday, and later to Germany in the first official visit of a Honduran president to these two countries. He will inaugurate the Honduran Embassy in Sweden.

Finally, Reina said that UN Secretary General Butrus Butrus-Ghali will arrive in Tegucigalpa on 31 March on his first visit to Honduras, which became a UN Security Council member for the first time on 1 January.

Nicaragua

Chamorro Leaves for Development Summit in Denmark

PA1003161895 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 9 Mar 95

[From the "National Newscast"]

[FBIS Translated Text] President Violeta de Chamorro left at noon on 8 March for Copenhagen, Denmark, to attend the world social development summit. She left full of optimism to [3-second break in reception] social development, where more than 144 heads of state will discuss the dynamics of poverty, unemployment, social disintegration, and womens issues.

Asked about the letter she sent to National Assembly President Luis Humberto Guzman on 8 March, the Nicaraguan president pointed out the following:

[Begin Chamorro recording] I want to [words indistinct] you. All these problems arose because the legislators moved ahead of me. They did things they should not have done; they should have discussed the reforms and should have signed them with the approval of all Nicaraguans in a general consensus. I favor dialogue; I have said this all along to all of you in Nicaragua. We stopped a war, we were able to stand together, and we devised an amnesty for everybody in this country. Why then can't we solve the problems among the government branches? [end recording]

When asked whether she will send a new list of three candidates for magistrates of the Supreme Court of Justice to the National Assembly, President Chamorro noted that she did so one year ago, but the parliament

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shelved her proposal because it said that it is the only one that governs and make decisions in the country.

Central Bank President Rules Out 'Maximum Devaluation'

PA1303211295 Managua LA PRENSA in Spanish 11 Mar 95 pp 1, 12

[Report by Maria Elena Palacios]

[FBIS Translated Text] Central Bank [BCN] President Dr. Evenor Taboada has ruled out any possibility of implementing a maximum devaluation of the nation's currency in relation to the U.S. dollar, and he pointed out that the government will continue its policy of allowing the currency to slide throughout the year.

In this way, the official replied to rumors about a stringent evaluation—rumors being circulated by several sectors, including Cosep [Higher Council of Private Enterprise] and even Deputy Finance Minister Mirna Somarriba, who said this could happen if Telcor [Nicaraguan Telecomunications and Postal Services Institute] is not privatized in the near future.

Taboada stressed that there is no possibility of this happening because the government has decided to continue making daily mini-devaluations to achieve a 12-percent devaluation by year's end. He clarified his statement by saying the Finance Ministry actually meant that the economic situation depends on foreign funds, and the privatization of Telcor could help attract such funds. If these funds do not materialize by the second half of the year, we will have to revise our economic policy, which does not only take into account the exchange rate, Taboada added.

Meanwhile, the BCN president noted that this year will be better for the nation's economy, because exports have increased by more than $20 million; $63 million has been collected from exports so far this year, compared with $40 million about this same time last year.

There is no reason to worry about devaluations at this time, he said.

On the evening of 9 March, at a political and economic forum organized by Fundemos [expansion unknown], prominent economist Dr. Francisco Mayorga also suggested that there will be no maximum devaluation at this time. He added, however, that ultimately this will hinge on a resolution of the conflict between the Executive and Legislative Branches.

Panama

Government To Analyze U.S. Bases Remaining After 2000

PA1403033395 Panama City Circuito RPC Television in Spanish 2300 GMT 13 Mar 95

[Report by Hugo Enrique Famania; from the "RPC Television News" newscast]

[FBIS Translated Text] While certain sectors of the U.S. Congress are analyzing the possibility of the military bases remaining in Panama after the year 2000, the Panamanian Government will analyze these reports at the highest level.

A Foreign Ministry source has told the "RPC Television News" newscast that President Ernesto Perez Balladares and Foreign Minister Gabriel Lewis Galindo on 14 March will address the intention of certain U.S. congressmen to explain to Panama the renegotiation of the permanence of the military bases along the banks of the Panama Canal. Although the high-ranking source has failed to indicate whether the executive branch will make public its position on the issue, this time would be the first the government would discuss the issue at the highest level, after learning of this possibility last week.

Former Foreign Minister Jorge Eduardo Ritter believes the government must say nothing. Panama's strategy must be one of patience and forethought, because many people want the U.S. soldiers to leave the country, while others want them to stay:

[Begin Ritter recording] If the time comes and the United States makes a proposal, if it will, we will discuss the issue among Panamanians. Discussing it now is tantamount to opening a discussion on an issue that may never be broached at the negotiations table. [end recording].

In addition, this patience and forethought will generate positive results for the country in view of a hypothetical renegotiation of the bases:

[Begin Ritter recording] The circumstances of the negotiations are different when a country tells us it wants to leave the military bases than when Panama says it wants the military bases to remain here. [end recording]

PRD Legislator: DEA Violates 'National Sovereignty'

PA1303180695 Panama City LA PRENSA in Spanish 13 Mar 95 p 2A

[Article by Jose Otero]

[FBIS Translated Text] Alberto Aleman Boyd, PRD [Democratic Revolutionary Party] legislator, has charged that the DEA "continues to violate" legal national procedures when it arrests narcotics traffickers on Panamanian territory without notifying the government.

Aleman Boyd emphasized that the Drug Commission of the National Assembly, which he chairs, will sent notes to officials of the U.S. Embassy in Panama so they will explain this issue, which he considers "delicate."

The legislator from the ruling party added that "when the DEA conducts operations on Panamanian territory, it must follow legal procedures and notify the government of its actions. However, this is not the case, and it is acting on its own, thus violating national sovereignty."

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He explained that both the Drug Commission as well as the Foreign Relations Commission plan to hold a meeting with DEA representatives in Panama to solve this situation which "is jeopardizing the good relations between the two governments."

Aleman Boyd emphasized that "the people in charge of the DEA in Panama must explain their actions in Panama and answer certain questions about the accusations of arresting individuals in Panama and secretly transferring them to the United States."

The chairman of the Drug Commission said that the purpose of these accusations and of summoning the DEA agents should not be interpreted as protection for drug traffickers operating in Panama, but as respect for legal norms and national sovereignty.

During his participation last week at a congress held in Panama City, Crescencio Arcos, principal deputy assistant secretary of state for international narcotics and crime, pointed out that the DEA and the other drug control agencies of his country have always respected the sovereignty of the countries in which their agents are acting.

PRD Leader Not To Seek 'Vengeance' Against Opposition

PA1303164195 Panama City EL PANAMA AMERICA in Spanish 13 Mar 95 p 11A

[Report by Aquilino Ortega Luna]

[FBIS Translated Text] Democratic Revolutionary Party [PRD] President Gerardo Gonzalez has said that, despite the fact that traitors from the opposition plotted with the U.S. Government to destroy the "revolutionary process" and debase the integrity of the fatherland, we will not persecute anyone during the party's five-year administration.

The political leader said that, upon resuming power, the PRD promised to turn the page of infamy written by Guillermo Endara's government. He added that the party will not fall into the trap of spending the next five years settling accounts.

He affirmed, "although opposition leaders concocted an enormous conspiracy to destroy Panama's national independence project along with Torrijism, we will not seek vengeance."

From Gonzalez's point of view, the PRD does not want to become the country's owner but, rather, its leader of state. He noted: "Our party is neither a caricature nor an imitation of another party. We are a self-defined organization, and we will demonstrate this as rulers."

The PRD, Gonzalez explained, was not born from a group of politicians but, instead, rose out of the country's need for development.

According to the PRD leader, the political bungling of those governing in 1968 is what brought the military to power. He added that the PRD plans to revise its bylaws to make the political entity even more democratic.

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Argentina

Economy Minister Announces $11.1 Billion Financing Package

PY1403030395 Buenos Aires TELAM in Spanish 0041 GMT 14 Mar 95

[FBIS Translated Text] Buenos Aires, 13 Mar (TELAM)--Economy Minister Domingo Cavallo announced tonight that Argentina had obtained $11.1 billion in financing for this year. This financing will be made up of $4.1 billion in fiscal surpluses and $6.7 billion in internal and external credits.

"All these additional resources are on top of those already anticipated for this year in order to balance the budget," Cavallo said at a news conference.

The minister announced that the IMF board of directors had tonight received the report from that organization's mission in order to stretch the extended facility loan for one year, which will permit the country to have access to $2.4 billion.

The minister, who was accompanied by almost all his advisers, said "there will be an increase in the VAT [value-added tax] if Congress agrees," but denied that the VAT would be raised to 22.5 percent.

Cavallo was not very explicit with respect to the fiscal measures the administration will adopt, because Congress must learn about them first, but promised to release them tomorrow.

In any case, the minister added that "in the most pessimistic of cases" the economy would grow by 3 percent this year, adding that prices for the entire year will increase by 3.5 percent.

The minister said "we are not reimposing any tax on financial or foreign exchange activities; there will be no taxes on gasoline or gas oil; and taxes on cigarettes or alcohol will not be increased."

Cavallo recognized, however, that "there will be a review" of foreign trade taxes, which will be implemented jointly with our other Mercosur partners, and an adjustment of company contributions, "although maintaining the differences by zones in order to encourage the creation of jobs."

Cavallo said the $4.4 billion fiscal surplus [as received] will be achieved by adding together $1 billion obtained from strategic privatizations, $1.4 billion obtained from the sale of shares in companies already privatized, and $2 billion obtained through tax surpluses.

The minister said the negotiation to obtain $6.7 billion in internal and external credits, including $2.4 billion from the IMF, contains the two $400 million installments of the 1994 agreement.

"Besides, the World Bank decided to increase the $500-million loan to privatize provincial banks that was granted to Argentina through two rapid disbursement operations worth $1.3 billion," the minister said.

Cavallo added that the Inter-American Development Bank also increased the amount of funds that it will make available to Argentina from $500 million to $1 billion, adding that "it is possible that another $300 million will be added to the total to equal the World Bank loans."

The minister also confirmed the $1 billion Argentine Bond that the Argentine Entrepreneurial Council promised to purchase on 20 March, which will be duplicated with foreign bank contributions.

"With these contributions we will fulfill three objectives: to consolidate support for the convertibility plan; to guarantee the payment of external and internal debt interest, currently amounting to $5.2 billion; and to have resources available to capitalize and consolidate the banking system," Cavallo explained.

Cavallo said that any additional money the country might get, or the recovery of deposits that fled the country due to the Mexican crisis, "will be used entirely to assist the private sector."

The minister said that this situation, plus his conviction that the country's financial problems will be overcome in the short term, "will even permit us to maintain the goal of a 1995 growth rate of 4.5 percent, and perhaps even more."

Government Sidesteps Controversy Surrounding Arms Shipments

PY1303180295 Buenos Aires BUENOS AIRES HERALD in English 12 Mar 95 pp 1, 4

[FBIS Transcribed Text] (DYN-NA)—The Foreign Ministry yesterday admitted that a shipment of arms to Colombia had been blocked "temporarily" after it was revealed that 75 tons of arms sent by Argentina to Venezuela ended up in Ecuador last month. Defense Minister Oscar Camilion admitted that the Venezuela case was "a rather serious irregularity," but put the blame on the U.S. transport company Hayton Trade.

The controversy over the shipment—which included 105- and 155-mm cannons, rifles, pistols, heavy machineguns, and mortars—arose when Peru complained to Argentina when it was still at war with Ecuador. Deputy Foreign Minister Fernando Petrella yesterday denied reports that the arms had been routed to Ecuador via Venezuela with the knowledge of Argentine authorities.

Petrella also denied that the arms shipment to Colombia had been held up owing to fears it would show up in one of the two contenders in the border conflict, saying the delay was due to "incomplete paperwork."

Lower House Speaker Alberto Pierri yesterday called a special session at which Camilion and Foreign Minister

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Guido Di Tella will have to inform legislators on the alleged triangulation of arms to Ecuador.

The special session was asked for by Radical Party Deputies Antonio Berhongaray and Enrique Mathov and Socialist Hector Polino.

Menem: Harsh Punishments if Weapons Diversion Proven

PY1303181295 Buenos Aires TELAM in Spanish 1405 GMT 13 Mar 95

[FBIS Translated Excerpt] Buenos Aires, 13 Mar (TELAM)—President Carlos Menem asserted on 13 March that if the Argentine weapons sold to Venezuela did get diverted to Ecuador during the border conflict between the latter and Peru, the government will harshly punish those responsible.

The head of state emphasized: "As far as we are concerned, the weapons were sent to Venezuela. The subject is under investigation and it goes without saying that those responsible for diverting these weapons to Ecuador—if this is the case—will be harshly punished."

That is what Menem said about the deal with Venezuela on the sale of Argentine weapons to that country, which according to press reports were diverted to Ecuador during the armed conflict with Peru. [passage omitted]

Ongania To Represent Center-Right Alliance in Elections

PY1303235295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0113 GMT 10 Mar 95

[FBIS Translated Text] Buenos Aires, 10 Mar (NA)—Former de-facto President Juan Carlos Ongania has agreed to run for president on the ticket of the Patriotic Agreement Front [Frente de Coincidencia Patriotica] in the elections slated for 14 May 1995, according to Ongania's campaign manager Reynaldo Defranco Fantin.

Ongania accepted the nomination after representatives from all the alliance members—including the Blue and White faction of the Movement for Independence and Dignity [Modin] and the National Constitutionalist Party [Partido Nacional Constitucionalista, PNC]—met at his offices in downtown Buenos Aires.

The leaders of Modin's Blue and White faction, which is a splinter of Aldo Rico's party, offered the former de-facto president the nomination as their presidential candidate two months ago. At that time Ongania turned down the proposal. He did say, however, that he would be willing to accept the nomination if a broad center-right front were created.

The following political organizations make up the Patriotic Agreement Front: Modin's Blue and White faction; the PNC; the Conservative Democratic Party; the People's Movement-Republican Force (Buenos Aires); [passage indistinct] will register at the Electoral Court on 13 March, because the deadline for political parties to register alliances for the 14 May elections will expire on 14 March.

Defranco Fantin explained that the members of the center-right alliance who are elected deputies, senators, and members of provincial legislative assemblies and city hall councils will act "as a bloc" at every level.

As an alliance the Patriotic Agreement Front will be very short- lived, because the member organizations have agreed to merge into a single party following the May elections.

Brazil

Cardoso 'Angry' Over BC's Handling of Exchange Crisis

PY1403023995 Rio de Janeiro O GLOBO in Portuguese 11 Mar 95 p 25

[FBIS Translated Text] Brasilia—President Fernando Henrique Cardoso virtually intervened in the Central Bank [BC] on the evening of 9 March by ordering changes in the band exchange system. In the opinion of the president and of his closest aides, the BC had made a succession of serious operational errors since its announcement to the market at 1000 on 6 March that the exchange system had been changed. The BC made a communications error in conveying the information to the market. "Unacceptable" errors were also made in money market operations, which are supervised by BC President Persio Arida and BC International Department Director Gustavo Franco.

This assessment was made at a meeting held on the evening of 9 March and attended by Planning Minister Jose Serra, Finance Minister Pedro Malan, Civilian Household Chief Clovis Carvalho, Arida, BC directors, and Economic Policy Secretary Jose Roberto Mendonca de Barros.

A source in the government economic area commented: The 32 auctions held on 9 March resulted in the transfer of $5 billion from the government's reserves to the market.

On 9 March Cardoso ordered Malan, Serra, and Carvalho to implement immediate changes. The evaluation noted that errors typical of amateurs had been made, beginning with the confusing language of the communique drafted by Franco, and including the failure to foresee the need for hedge [preceding word in English] operations to calm the market.

The evaluation concluded that the BC had made a mistake in announcing that it would intervene within the established exchange band without telling the market what it was trying to achieve. Arida did a poor job in communicating with the dealers [preceding word in English] (institutions operating on the money market on behalf of the BC) on the morning of 7 March, leaving the

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impression that the BC would change the dollar ceiling and floor exchange rates at any moment. The BC made another mistake later, when it failed to give advance notice to the Treasury about the possibility of having to auction exchange securities if the market needed a hedging operation.

Another serious error noted is that concerning the money market operation. Instead of feeding all the information required by the market to an on-line computer network, Arida and Franco gave clearer explanations only to those who asked, thus failing to pass the relevant information to the other institutions.

An adviser said: Franco did not try hard to operate efficiently because he did not like the change. He lacked resolve.

The BC's strategy was to gradually raise the dollar rate by adjusting the ceiling and floor rates every 15 days until its ceiling rate reach 0.98 reals [R] per dollar in May. The possibility of intervening within the band exchange rates was designed to give flexibility to the BC to send signals to the market that it would be best to keep the average rate within those limits.

The market, however, misunderstood Arida's explanations. The dealers thought that the BC would change the exchange bands at any moment. Thus, on 7 March a nervous dispute between the BC and the market started.

An adviser said: We discovered that many institutions that wanted to engage in hedging operations ended up pressuring the market by their need to obtain foreign currency to cover their operations. They did not have the chance of hedging, which is hard to understand.

The arm wrestling ended on the evening of 9 March, when Cardoso decided to personally intervene. Extremely angry at Arida and Franco, Cardoso ordered Malan, Carvalho, and Serra to immediately resolve the problem and assign professionals to supervise the money market. Yesterday, Joubert Furutado, director of the BC Exchange Department, took charge of the exchange operations.

Cardoso To Define Foreign Capital Participation

PY1303180795 Sao Paulo GAZETA MERCANTIL in Portuguese 9 Mar 95 p 3

[By Claudia Safatle in Brasilia]

[FBIS Translated Text] The door for the establishment of a privatization program specially earmarked for government (federal, state, and municipal) banks is now open. The preamble written by Finance Minister Pedro Malan, which was published in the 9 March issue of the DIARIO OFICIAL DA UNIAO, states that the Central Bank and the BNDES [National Bank for Economic and Social Development] will head the process for privatization of the institutionas that are under the special administration regime—Banespa [Sao Paulo State Bank], Banerj [Rio de Janeiro State Bank], Produban, and Bemat [Mato Grosso State Bank]—and also suggests that the president of the Republic, Fernando Henrique Cardoso (Brazilian Social Democracy Party), use the authority bestowed upon him by Article 52 of the provisional clauses of the Constitution to define participation of foreign capital in this program, "the implementation of which is being considered."

To this effect, it is enough to have the president of the Republic recognize that it is a matter of national interest "to accept foreign capital participation, or increase said participation, in financial institutions that are under state control. Foreign individuals or corporations, or Brazilian firms or persons located or living abroad, can be included in this participation," the preamble states.

In addition to listing the most recent difficulties the official banks in general, and the state government ones in particular, have been facing, the preamble incisively defends the need to allow foreign capital to participate in the area, "something indispensable to the privatization program currently being proposed, in the sense that the program will result in larger demand for the assets being offered for negotiation, thus making it possible to obtain better offers for shares in the appropriate auctions." In this manner, the public area can recover resources that, up to now, have been disbursed to maintain the functioning of these banks.

According to the preamble, exchange of state government debt certificates for LBC's [Central Bank Certificates] represented 84.2 percent of the certificates negotiated in the overnight market. This exchange became possible because the spread [preceding word in English] compared to the federal Selic [Liquidity and Supervision System] tax had jumped from the historic average of 3 percent to 6 percent.

Central Bank President Interviewed

PY1403031595 Rio de Janeiro O GLOBO in Portuguese 12 Mar 95 p 55

[Interview with Central Bank President Persio Arida by Silvia Faria at Central Bank headquarters in Brasilia on 10 March]

[FBIS Translated Text] [Faria] Did the Central Bank make a mistake in the management of the exchange policy this week?

[Arida] No. The exchange policy was not understood. There was a need to act in a more specific manner. That is why we released a communique without any ambiguity.

[Faria] Then you admit that the first communique allowed for ambiguous interpretations.

[Arida] The first communique allowed for ambiguous interpretations because it established a symbolic ceiling of 0.98 reals [R], while the Central Bank in practice established a R0.93 ceiling. It was established in action

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and not on paper. We carried out auctions repeatedly, giving the unequivocal signal that it would not surpass that level. However, as it created uncertainty, we preferred to remake the circular letter and assert that the value we were willing to sell at was in fact the ceiling of the band.

[Faria] There were some problems with the money market. Is it true that some institutions obtained information that the rest of the operators did not have, as some operators allege?

[Arida] No. The best manner by which to judge whether the Central Bank is right or not is to verify whether if on average terms it is earning or losing money. There is no point in speculating against facts.

[Faria] What has been the performance for this week?

[Arida] Unfortunately there has been turbulence, a speculative drive that is very bad. However, I also think that the Central Bank's action was enough to demonstrate a lot of determination in not yielding to the speculative drive. It would have been better if there had not been speculation, but considering that there was speculation, the result could not have been better from the point of view of the real.

[Faria] Why was the exchange policy modified after such a long time, even under so much criticism?

[Arida] The policy was modified because it was considered that exports needed firmer support. The former system was maintained as long as it was thought appropriate for helping to increase imports. Two considerations must be taken into account the entire time: On the one hand, the country needs to open up its borders and intensify the trade flow, and imports are an important instrument for stabilization because they increase competitiveness to the benefit of consumers. We arrived at the conclusion that the situation of Brazilian exports requires a higher exchange band, which is between R0.88 and R0.93.

[Faria] We wonder whether the fight against inflation has passed to a second phase, and the balancing of accounts has become a priority?

[Arida] Of course, as long as the stabilization process becomes consolidated, the inflationary process becomes less serious. Inflation is far less serious nowadays than when the real was launched. Now it is also true that stabilization in Brazil is a long process that has barely begun. The government will remain alert to using its exchange, monetary, and fiscal instruments to keep inflation low.

[Faria] Was there any evidence of the use of inside information [preceding two words given in English] this week?

[Arida] The idea that the information had been leaked has not been confirmed, and no evidence was presented. I am still waiting for Deputy Delfim Netto, who raised the charges, to send the names of those who allegedly benefited from the information. I did not open an investigation. We must be careful, because we can find out. However, there is bank secrecy, which prevents information from becoming public. The Central Bank controls must always be alert to this. The Central Bank adopted the measures it had to, and the issue was closed.

[Faria] How much did one week of speculation cost the reserves of the Central Bank and of the country?

[Arida] We must distinguish between losses of the Central Bank reserves and those of Brazil. When the Central Bank buys or sells for these national institutions, the dollars only change their accounting denomination and do not leave the country. Such operations are frequent, and they do not affect the reserves of the country. The country loses reserves when foreign capital leaves Brazil. The Central Bank buys and sells the whole time, and information about figures could fuel market speculations.

[Faria] Today (10 March) the Central Bank demonstrated its strength, and the market retreated. Why didn't the Central Bank intervene before?

[Arida] You only demonstrate your firepower when they ask you to. When we sensed a scheme for a speculative drive, we reacted hastily to maintain the stability of the currency.

[Faria] Couldn't the market understand that the bands would evolve to the R0.98 ceiling by May, as established in the first communique, and bet on a high exchange rate?

[Arida] The R0.98 quotation was only symbolic because it was below the R1 rate, even below the R0.93 quotation which was the effective ceiling for the term auction. That is why we decided to leave symbolism aside and assert specifically that the ceiling is R0.93.

[Faria] Does the Central Bank intend to adopt any new measure to attract foreign capital?

[Arida] We believe that the measures adopted yesterday—the reduction in the IOF [Financial Operations Tax] and in the minimum term limit to attract foreign capital—are enough to attract capital. Once the structural aspects of the Brazilian economy are balanced, there will certainly not be any difficulty in attracting capital. Foreign capital is nowadays inhibited by doubts about the structural transformation of the economy, including the constitutional reform.

[Faria] Does the government count on the participation of foreign capital in the privatization process to help close the balance of payments this year?

[Arida] The 1994 experience was very good. We made $1.4 billion in cash with massive sales of minority participation shares in a bull market. I would distinguish between two different ways of privatization: The sale of minority participation shares should be made in a bull

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market. However, the sale of a block of shares that controls a company demands a more sophisticated analysis, because stock exchange transactions rarely reflect the prices implied in shares that control a company. Prices fluctuate the whole time. That is why in the past, when we sold a considerable block of shares as in the case of Usiminas [Minas Gerais Iron and Steel Mills, Inc.], we sold them abroad, because selling them domestically would have driven the share value down.

[Faria] Will that be the strategy in selling large companies?

[Arida] Possibly. It is not a decision for the Central Bank, but it is possible that in the cases of other companies we may decide to place our shares domestically and abroad. I could not say how much money they should generate to help the balance of payments.

[Faria] What performance do you expect for the balance of payments this year?

[Arida] We believe that the structural reforms the country is going through—beginning with the public services franchising law, the expansion of the privatization program, and the constitutional reforms—will create a very favorable atmosphere for the arrival of foreign capital. The economic stability has created such an atmosphere. Nowadays we have more direct investment capital arriving in the country than we had a year ago. That is natural when there is stability and the investors believe in the institutional stability. Investments do not require subsidies.

[Faria] How will Brazilian economy adapt itself to the international crisis? Will the country have to restrain its economic growth?

[Arida] The economy is growing at a very fast pace. I am not speaking of a recession, but this growth rate is excessive, because in a very heated economy we must act the entire time with policies to control supply and demand. We can take further steps in the future if it is necessary. I am talking about a contingent limitation in relation to demand.

[Faria] Is it necessary to stimulate new investment processes to increase the installed production capacity?

[Arida] Investments generate demand. In order to expand a factory you must buy bricks, cement, etc. and boost the demand before increasing productivity. Therefore, it is necessary to have the rest of the demand more or less under control to allow room for investment. It is difficult to foresee ideal growth rates, but evidently 7- and 8-percent growth rates are excessive.

Reserves Drop Despite New Band System

PY1303182495 Sao Paulo GAZETA MERCANTIL in Portuguese 9 Mar 95 p 1

[Article by Claudia Safatle]

[FBIS Translated Text] The threat of an international crisis that might be worse than the 1982 crisis has led the Brazilian Government to modify the exchange rate system on 6 March, and to estimate that it might have to spend approximately $5 billion of its exchange reserves in 1995. The government does not expect this year's economic growth rate to be as high as initially expected.

The reason is not only the Mexican exchange rate crisis or the growing crisis in Argentina. Portugal, Spain, and Italy have heavy current account deficits and are competing for foreign capital to finance them. The United States has shifted from being an exporter of capital to being an importer of capital, and might be pretending not to notice the fall of the dollar. Currently, the German mark and the Japanese yen are the attractive currencies.

If this situation does not improve within the next few months, "we will have to use our exchange reserves to cope with the contingencies of a totally atypical year," a high-ranking government source told this newspaper. Strictly speaking, in light of the big uncertainties of the world economy, "we do not know whether it will be possible to have commercial surpluses of $3, $4, or $5 billion this year. Economic conditions in the country are good, but we cannot know what will happen with the world economy," the source added.

PSDB [Brazilian Social Democracy Party] Deputy for Sao Paulo Antonio Kandir has said that "the international turbulence could be even worse than in 1982." Finance Ministry sources agreed with the deputy: "In 1982, the foreign debt was produced by long-term bank loans, creditors were known, and it was possible to make a broad renegotiation. Now, capital operates in the short term, and creditors are not identified. They are investment funds, pension funds for which any unpaid credit will mean a definitive loss." Therefore, a Finance Ministry source said, capital will search for a "safe place." Emerging markets in general, and Latin America in particular, can provide no such safe place.

On 8 March, the second day of operation of the new exchange rate band system, Central Bank technicians also adjusted their figures. They estimated that the devaluation of the real could add nearly $1 billion to the balance of trade surplus estimated at the beginning of the year. The 1995 surplus might rise from $4 billion to an amount ranging from $5 to $6 billion.

If the other balance of payments items remain unchanged, this last figure will mean a current account deficit of approximately $9 billion (if the services account deficit fluctuates from $15 to $17 billion, and if unilateral transfers remain at approximately $2 billion).

The economic team bets that privatization will be an appropriate mechanism for attracting "good quality" foreign capital through direct investment. The Central Bank [BC] expects the direct investment account to help with up to $3 billion for financing the current account

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deficit. The rest might be supplemented with short-term commercial credits and international reserves.

These are tentative figures that can certainly change, for the better or for the worse, according to the evolution of the international situation. A high-ranking government official said that "it is now very difficult to make estimates on external accounts. What we know is that we do have our defense, and that it is strong. We have sound exchange reserves, while our balance of trade will register a surplus."

Yesterday, in order to continue defending the fluctuation bands established by a BC communique issued on 6 March, the BC sold some $270 million on the "spot" market and approximately $1 billion on the futures exchange market, with a maturity date at the beginning of May. The day before yesterday, currency expenses amounted to $1.8 billion.

Higher Interest Rates

The government expects domestic interest rates to gradually increase until the begining of May, in order to make the demand for dollars increasingly disadvantageous. Kandir adds that BC dollar sales on the market will tend to drop over the next few days, because of lack of "funding" [preceding word in English] on the exchange market and because the BC still has sound exchange reserves. With a falling demand for foreign curency, the rate might fall and the BC might once again buy dollars, rebuilding its reserves.

Slowdown Relative to Imports

On 7 March—the first day of operation of the exchange bands—the exchange market reflected a slowdown relative to imports. Average exchange operations for imports, which stood at around $170 million per day, dropped to $138 million. Yet this was only for one day, and could not be considered a trend. Exchange operations for exports amounted to $230.4 million, a figure matching the average of the past few days.

Sales

On 7 March, financial exchange operations yielded a negative balance of $96.6 million, resulting from sales worth $175.7 million and purchases worth $79.1 million. Consequently, the net movement on 7 March registered a negative result of only $4.3 million, according to data released by the BC Exchange Department.

Economic Measures Bring Relief to Sao Paulo Stock Exchange

PY1103004895 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 10 Mar 95

[FBIS Translated Text] The financial market reacted and the stock exchanges closed with a rising index. The Sao Paulo stock exchange climbed more than 25 points today.

The Sao Paulo Stock exchange opened with an eight-point rise this morning. It was a promising day, yet the atmosphere was characterized by much nervousness. At around 1100 [1500 GMT], the index dropped by half. When this happened, many investors thought that the high rise registered in the morning could not be maintained. Fearing a new drop, they began to sell shares. With this attitude, a lot of people lost money, because immediately afterward the government announced the new economic measures, and the market response was immediate and positive.

The stock exchange performance curve was the best indicator that the market was reversing the game after an entire week of crisis. On 6 March, the stock exchange closed with a 4-percent drop; on 7 March, the drop was greater than 8 percent; and in the past two days, the index dropped by nearly 10 percent.

For the investors who experienced the entire crisis, today was a day of relief.

[Begin Alcides Fernandez, investor, recording; identified by caption] We have not returned to the level of the old prices, but we believe that as of now, the usual investors will return to the market. [end recording]

It was more than five hours of a heated day, but 10 March will be recorded in the history of the Bovespa [Sao Paulo Stock Exchange]. The operations on the floor closed with a 25-point rise. This has been a sources of general relief for the financial market and a point in the government's favor.

Banks, Entrepreneurs Approve Economic Measures

PY1303144995 Sao Paulo AGENCIA ESTADO in Portuguese 1437 GMT 10 Mar 95

[FBIS Translated Text] Sao Paulo, 10 Mar (AE)—Banks and foreign trade entrepreneurs have approved the measures adopted to stem capital flight, which the government announced early today. Mauricio Schulman, president of the Brazilian Federation of Banks (Febraban), has just told AGENCIA ESTADO that these are "healing" measures because they oppose speculation. He said the reduction of the amount of dollars held by banks is "opportune" because some institutions were speculating against the Central Bank [BC] on behalf of the dollars held by their clients, in a confrontation between interest rates and the exchange rate. "Whoever has no investments in dollars abroad will be compelled to sell his currency," he said.

Schulman said the measure reducing the amount of dollars in the hands of banks will not affect the banks that were not engaging in speculative activities. Considering that approximately 100 banks are engaged in commercial dollar operations, this measure will cause the sale of approximately $45 million per bank, funds that will be totally bought by the BC, he explained.

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Schulman said that compared to other countries, net currency remittances were very small, and bank speculation did not produce an actual currency loss (the dollars bought by banks remain deposited at the BC). The Febraban president added that the other administrative measures adopted by the BC follow the same course. Concerning the interest rate hike adopted today by the BC, Schulman said the measure will be positive in the short term, because it will reduce demand and prevent speculation. In the long term, however, it will have negative effects on the economy. He noted that interest rates will have to be reduced as soon as possible.

For entrepreneurs operating in the foreign trade area, the measures adopted by the government are a remedy against the unbridled speculation that occurred in the market in the past few days, and a factor that will permit continuation of the effort to stabilize the economy. Luis Antonio Tonin, the president of the Brazilian Association of Wholesalers and Dealers (Abad), has agreed that the measures are important for fighting speculation, adding that it should not be forgotten that the devaluation of the real will produce adjustments in the price of imported merchandise. "It is unavoidable," he said.

Another irreparable loss, Tonin said, will be the reduced competition between national and international products, something that will harm consumers. "With the devaluation of the real, prices will be affected with respect to the dollar, and this will make competition more difficult. This will again harm consumers," he said.

IAT [expansion unknown] trading company director Jaques Eluf said that government measures will put an end to the speculation of the past few days. "They are hard measures. Foreign capital should not be speculative. Its objective should be more ethical for the country," he said.

Votorantim Group Superintendent Antonio Ermirio de Moraes said a true financial speculation scheme was operating in the exchange market, and the government took firm measures with banks and with importers who were speculating. "I have already seen it before. Whenever imports caused trouble, the various previous governments created restrictions," he said.

Spokesman Denies Alleged Leak of Economic Information

PY0903143095 Sao Paulo AGENCIA ESTADO in Portuguese 0023 GMT 9 Mar 95

[Report by Itamar Garcez]

[FBIS Translated Text] 8 Mar (AE)—President Fernando Henrique Cardoso today reacted to the charges made by Deputy Delfim Netto (PPR-SP) [Progressive Renewal Party-Sao Paulo], who said that the government decision announced on 6 March to devalue the real against the dollar had been leaked out to the advantage of some privileged investors.

Early in the night, by petition of President Cardoso, Presidential Spokesman Sergio Amaral challenged Deputy Delfim Netto to make a formal charge. "Given the respect the president has for Deputy Delfim Netto, the president expects that he will provide the names of the people and businessmen who benefited from the leak of information, and say who was responsible for it."

The presidential spokesman also challenged those who charge the Sivam (Amazon Region Surveillance System) project of irregular procedures. The project, which involves a deal of nearly $1.5 billion, is the object of a dispute between France and the United States, which won the bid. "The government cannot accept suppositions. The charges must be well founded," he said.

Secretary Outlines Strategic Planning Targets

PY1103015495 Sao Paulo AGENCIA ESTADO in Portuguese 2020 GMT 10 Mar 95

[FBIS Translated Text] Sao Paulo, 10 Mar (AE)—Strategic Affairs Secretary Ronaldo Sardenberg this morning lectured on "Brazil's Strategic Insertion Into the International Arena." He lectured to intellectuals, academics, entrepreneurs, and some politicians—among them Sao Paulo Mayor Paulo Maluf and former Foreign Minister Olavo Setubal—at the Institute of Advanced Studies (IEA) of Sao Paulo University. The one hour and 40 minute lecture was followed by a debate. It was attended by a full house audience of approximately 80 people.

Giving full details, Sardenberg referred to the need for strategic planning. He explained: "The modern concept of strategy seeks to take advantage of the best material and human resources for the construction of a national project," adding: "This idea is based on economic development and financial stability, and its context must be discussed by society."

Sardenberg explained the changes in the world political and economic arena that were brought about by the end of the Socialist regimes. He emphasized the continuation of structural problems between the bloc of underdeveloped countries of the South, and developed countries of the North. He said: "The world market has absorbed East European countries," adding: "It would be ideal if it also absorbed the countries of the South."

Sardenberg listed several diplomatic strategies that Brazil should adopt to find its place in the world. Among such strategies is the idea of a union with neighboring countries. He said: "We must promote ties with developed countries, but our first strategic act will be to form an alliance among South American countries," adding: "We should engage in a process with the EU, which wants preferential trade relations with Mercosur [Common Market of the South]."

Concerning the United States, Sardenberg said Brazil is Washington's privileged interlocutor, saying: "It is a very important country because of its size and its

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market." He advocated promoting ties with Japan, South Africa, China, India, and the Russian Federation. He explained: "The only bloc with which we would not have close ties is that of the Asian Tigers, which are emerging markets and, in theory, our competitors," adding: "This may be reconsidered with a view toward creating a union that could be stronger on the international market."

Sardenberg will repeat his lecture at other forums, seeking to improve ideas within the new strategy of the secretariat.

Itamaraty Expresses Concern About Nuclear Cargo Ship

PY1103000195 Rio de Janeiro O GLOBO in Portuguese 9 Mar 95 p 20

[FBIS Translated Text] In a note released on 8 March, late in the afternoon, Itamaraty once again expressed concern about the ship Pacific Pintail, which is transporting 14 tonnes of nuclear waste to Japan and which is sailing near Brazilian territorial waters. In the morning, a Brazilian (FAB) Air Force plane flew over the ship three times to confirm that it was outside Brazil's exclusive economic zone, 200 nautical miles (360 km) from the coast.

Sailing southward, the ship at one point was 320 miles from Recife; earlier, its route took it 120 miles from Fernando de Noronha. If it maintains its present course, the ship will sail 110 nautical miles (some 200 km) from the Abrolhos archipelago, an ecological park in southern Bahia with one of the world's most fragile ecosystems.

Navy Minister Admiral Mauro Cesar Pereira has reported that the ship's route is being monitored through overflights and through radio, radar, and satellite data. He said the information received by the Navy on the ship's route shows that the ship is respecting the UN Law of the Sea Convention, and that it is complying with all safety regulations applying to that type of cargo. The admiral added that contrary to the actions undertaken by Portugal and Spain, Brazil does not need to closely follow the ship.

"It is not necessary to send another ship to accompany it. It would be equivalent to wasting money," the minister said.

According to Greenpeace, the captain of the organization's ship Solo, which is accompanying the ship from France, informed the FAB pilot about the nature of the Pacific Pintail's cargo, after the captain of that ship refused to do so.

Chile

Vote on Cuban Embargo, Abstention in PRC Case Explained

PY1303155095 Madrid EFE in Spanish 2133 GMT 9 Mar 95

[FBIS Translated Text] Santiago, 9 Mar (EFE)—At the UN Human Rights Commission, the Chilean Government voted for the lifting of the embargo on Cuba and for maintaining the UN relator to prepare a report on possible human rights violations on that Caribbean island.

Chilean Foreign Ministry Under Secretary Mariano Fernandez reported today, 9 March, on this stance, explaining the Chilean vote at the UN Human Rights Commission's recent meeting held in Geneva.

Fernandez said that Chile "has maintained this stance over the past few years."

He said that on this occasion the administration of President Eduardo Frei maintained the position of keeping a UN relator, a proposal submitted by the United States, to prepare a report on possible human rights violations in Cuba.

In the same manner "we have also expressed our opposition to the embargo on Cuba, a proposal also submitted by that country (the United States), because we are opposed to economic blockades."

"In this regard, the Chilean position has been firm in the sense of restoring respect for human rights, and thus it does not represent any change in our policy of previous years," the under secretary said.

Chile and Cuba suspended diplomatic relations on the occasion of the Chilean military coup of 11 September 1973. In July 1991 relations were restored at the consular level following the meeting between then President Patricio Aylwin and Fidel Castro at the Guadalajara (Mexico) Ibero-American Summit.

Fernandez said that Chilean Foreign Minister Jose Miguel Insulza will meet in Copenhagen with his Cuban counterpart, Roberto Robaina, but that the issue of raising current diplomatic relations to the ambassadorial level has not been included on the agenda.

He added: "What I can say today is that Chile maintains its relations with Cuba at consular and commercial level, and that for the time being, they will remain as they are."

Concerning the Chilean abstention in the voting to condemn China for human rights violations, the under secretary explained that "Chile has had a policy on these matters for some time with regard to the Asian countries, namely, abstention due to lack of complete awareness concerning the real situation in those nations."

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The PRC was one of the few communist countries that maintained diplomatic relations with Chile following the overthrow of Socialist President Salvador Allende in the 1973 coup.

Mariano Fernandez concluded by saying that as regards the continent of the Americas, Chile does not use abstention as a form of expression, but rather votes for or against, according to the current human rights policy.

Colombia

President Laments Lack of Commitments at Summit

PA1203151595 Paris AFP in Spanish 1321 GMT 11 Mar 95

[Report by AFP special correspondent Rafael Nonboa]

[FBIS Translated Text] Copenhagen, Mar 11 (AFP)—Colombian President Ernesto Samper was interviewed by AFP this Saturday and commented on the lack of specific commitments to transfer new resources from the North to South, stating that the World Social Development Summit had "run out of steam."

Samper added, however, that "we must try to see the positive aspects in the fact that 100 heads of state and government have met with the conviction that poverty did not end with the Cold War."

The president deplored the fact that no specific commitments had been made yet, as some would have expected, that would allow the investment of at least 20 percent of developing nations' budgets in social projects, and 20 percent of the assistance originating from the industrialized nations.

He added that Colombia would not have benefited from those decisions because it is considered "a middle-class country."

Countries like ours "spend everything we do not have just to pretend that we have all that we need most."

Moreover, "we repay our foreign debt at the expense of development," the president stated. For the first time the summit's official document included the principle of reducing the debts of nations considered middle class, including their respective commercial debts.

Samper interpreted the recent "certification with a reprimand" extended by the United States to continue its cooperation with Colombia, Peru, Bolivia, and Paraguay in the struggle against drug trafficking as the "consequence of a toughening of U.S. foreign policy."

"We are not very satisfied with what the industrialized nations have accomplished in terms of drug consumption and money laundering," he stressed.

He indicated that Colombia is encouraging a "multilateralization" of the struggle against drug trafficking, which "cannot be attacked solely through bilateral relations."

The Colombian president stated that he had visited Spain before arriving in Copenhagen to discuss the details of this initiative. He will be meeting on Monday with the European Union in Brussels.

We must develop the Vienna Convention as relates to drug trafficking, Samper stipulated, because the drug problem has two aspects: production and consumption.

With respect to tensions on the Venezuelan border, he declared that he has not ruled out the possibility that "the subversives intend to create a conflict." In that respect, high-level bilateral military, diplomatic, and political meetings are currently being held.

As part of the summit activities, Samper met with Indonesian President Suharto as Colombia will be presiding over the Nonaligned Movement in October.

He also met with Presidents Violeta Chamorro from Nicaragua and Daniel arap Moi from Kenya. This afternoon he will meet with Costa Rican President Jose Maria Figueres, Prime Minister Gro Harlem Brundtland of Norway, and Prime Minister Ingvar Carlsson of Sweden.

Samper Proposes 'Solidarity Network'

PA1303145495 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1800 GMT 12 Mar 95

[Satellite report by Ivan Dario Parra from Copenhagen; from the "Cripton Newscast"]

[FBIS Translated Text] In Copenhagen, the capital of Denmark, one of the world's richest countries, President Ernesto Samper became the spokesman for millions of poor people who demand assistance.

Ivan Dario Parra reports via satellite from Copenhagen.

[Parra] The issue of poverty is being discussed in this city, where any worker can easily make 1.5 million Colombian pesos and where the people move about in the latest-model Mercedes Benz taxis. But while this is happening, approximately 200 children die in the world daily for lack of food.

Danes pay approximately 60 percent of their salary in income in taxes. In exchange for this, the state provides completely free education; health, including medical and dental services; recreation; and urban transportation. Bus, metro, and train services are subsidized.

The United Nations World Summit for Social Development took place in Copenhagen where practically speaking nobody is poor and there are neither beggars nor informal employment.

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This morning President Samper spoke at a plenary session of the summit and proposed a solidarity network. This was included in the final declaration of the presidents who participated at the meeting.

[Begin Samper recording] We are meeting to discuss an issue that apparently had been ignored for the past 10 years: the social issue. [end recording]

The summit in Denmark concludes today. One billion poor people are demanding that their governments adopt effective measures to be able to live decently.

Foreign Minister Views Caldera Statements

PA1303162795 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 11 Mar 95

[From the "Cripton Newscast"]

[FBIS Translated Text] [Unidentified announcer] Colombia and Venezuela should negotiate an agreement to coordinate border operations to control subversive groups without harming territorial sovereignty. In Copenhagen, Foreign Minister Rodrigo Pardo referred to statements made by Venezuelan President Rafael Caldera. Here is Ivan Parra:

[Parra] What is our country's position regarding the statement made by Venezuelan President Rafael Caldera?

[Pardo] We are willing to negotiate an agreement to defend the border, but all actions should be based on reciprocity, common agreement, and joint cooperation. We believe the border problem affects the two countries and the two countries should solve it jointly, not unilaterally.

[Parra] Have you taken Caldera's remarks as a military challenge by the neighboring country?

[Pardo] At the time President Caldera was making them, we had already held an important meeting in Arauca Department on Thursday. At that meeting, Venezuela recognized Colombia's efforts and committed itself to working with Colombia to seek a solution to the problem of instability in the border region.

[Parra] In other words, Colombians do not have anything to worry about regarding a probable confrontation with Venezuela.

[Pardo] Certainly not. What we have is a common enemy, the guerrillas, and there are different types of crimes taking place in the border region. What we must do, as we agreed to do during the Arauca meeting on Thursday, is to create joint mechanisms to fight those types of crimes.

Spanish Government Offers Mediation in Peace Talks

PA1203033795 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0255 GMT 11 Mar 95

[Report by News Director Yamid Amat from Madrid, Spain; from the "CM& Newscast"]

[FBIS Translated Excerpt] The Spanish Government of Prime Minister Felipe Gonzalez presented an offer of mediation in the Colombian peace process to President Samper. President Samper received this offer of mediation during his meeting in Madrid with Spanish Prime Minister Felipe Gonzalez.

[Begin recording] [Samper] I think Colombia would probably ask Spain to mediate in the peace process.

[Amat] Would this include Spain as the location of the talks?

[Samper] That is a point that we would have to decide with the rebels. I believe that is a point that cannot be decided in a unilateral manner. Spain has offered to be the site of the agreements and peace talks, but this is a point that can only be resolved by common accord. [end recording]

Being a little more explicit, Foreign Minister Rodrigo Pardo agreed that Spain's mediation is an option.

[Begin recording] [Pardo] Spain has participated in the group of friends of the Central American peace process. The Spanish Government has said it is willing to do anything that we ask them to do.

[Amat] Including Spain as the site of the negotiations for instance?

[Pardo] I think that any request we make will be well received. [end recording] [passage omitted]

Government, Political Leaders on Caldera Remarks

PA1303142495 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 12 Mar 95

[Report by Maria Eugenia Olmos; from the "AM-PM Newscast"]

[FBIS Translated Text] The Venezuelan people gave a resounding yes to President Rafael Caldera's proposal to exercise Venezuela's legitimate right of self defense if the Colombian guerrillas continue to attack our borders. [crowd sings Venezuelan national anthem] Allies and opponents gave strong approval to the Venezuelan Government's position to defend itself in the event of new attacks.

[Begin recording] [Unidentified deputy] If the Colombian Government does not demonstrate its willingness, with specific action, to reject illegal drug trafficking incursions and defends its domestic peace by tolerating the presence of the Colombian guerrilla movement instead, the Democratic Action Party, as the president has said, would be forced to act in legitimate self defense. That would be completely justified. [end recording]

Meanwhile, reaction here is varied. Taking opposing views on the issue are the government and opposition.

[Begin recording] [Foreign Minister Rodrigo Pardo] Our position continues to be to seek agreement, based on

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reciprocity, directed at solving the many problems along the border. The purpose is for us to recognize the real phenomenon there, which is the presence of many forms of binational crime, which we must fight together.

[National Salvation Movement leader Alvaro Gomez Hurtado] A state must be able to guarantee security within its own territory. If we intend to disrupt neighboring countries, then we are giving Rafael Caldera much too big an excuse. It our government's fault. We must focus on putting an end to the guerrilla movements right here, starting with the government.

[Defense Minister Fernando Botero] Coordinated operations between the two nations is what is being discussed now. Without a doubt, this is the best way to fight the guerrilla presence along the border. [end recording]

Europe Offers Venue for Peace Talks With Guerrillas

PA1303161695 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 12 Mar 95

[From the "Cripton Newscast"]

[FBIS Translated Text] The Colombian peace process made significant progress during President Ernesto Samper's tour through Europe.

The following is a report via satellite by special correspondents Ivan Dario Parra and Orlando Acevedo:

[Parra] Not only the Spanish but also the Netherlands and the Danish governments have offered their territories so that talks with the Colombian guerrillas may eventually take place there.

[Acevedo] "Cripton" has learned in Europe that the National Liberation Army [ELN] is the guerrilla group most interested in holding talks on the Iberian Peninsula. Some ELN spokesmen have reportedly already held unofficial talks with Spanish officials.

"Cripton" has also learned from a reliable official source that a group charged with assisting the peace process is being created. This group would include Costa Rica and some Scandinavian countries such as Denmark and the Netherlands.

[Parra] As a result of this tour through Europe by President Samper, the road to peace has been cleared. The fact is that there will be talks and that they will take place on the old continent.

ELN Justifies Killing Venezuelans, Seeks Recognition

PA1303000795 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 12 Mar 95

[From the "AM-PM Newscast"]

[FBIS Translated Text] Just 15 days after the attack that killed eight Venezuelan soldiers in that neighboring country, the Army of National Liberation [ELN] is seeking to redeem itself. In a communique, the guerrillas state that the need to deal with the border problems was addressed during the Jaime Lusinchi administration. The response came during the administration of Carlos Andres Perez, according to the communique. Perez had met with the guerrillas in his office at the Miraflores Presidential Palace. There, the president and the guerrillas had discussed the past, present, and future of the border. The Camilist Union of the ELN justified the death of the Venezuelan soldiers stating the repeated violation of our country's airspace, the mistreatment Colombians receive at the border, and the systematic aggression from Venezuelan Armed Forces.

The ELN's strategy, following the murder of the Venezuelan marines, indicated its intention to be recognized by international agencies as a state within the Colombian state. This, analysts say, is ludicrous. Instead it has given the guerrilla movement a poor image abroad.

Prosecutor General on Stronger Sentences

PA1203002895 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 9 Mar 95

[Interview with Prosecutor General Alfonso Valdivieso Sarmiento by program director Dario Arizmendi and an unidentified female reporter; from "Caracol's 0600 to 0900" newscast; broadcast in progress—live]

[FBIS Translated Text] [Valdivieso] ...having attained exceptional powers thanks to a commission created to improve enforcement of the surrender policy. Instead, it is, I would say, an action intended to make the application of existing laws more consistent. The Prosecutor General's Office has been organizing over the past few months, and now with even more reason as a result of the conclusions arrived at by the commission, the policy on benefits and collaboration. I would call it establishing the true resolve to surrender, which has been handled directly by the Prosecutor General's Office. I believe this allows for greater clarity and consistency on the application of the surrender policy and the awarding of benefits for effectively collaborating with the justice system.

[Arizmendi] Mr. Prosecutor General, is a presidential decree needed to regulate this part of the surrender policies?

[Valdivieso] No way. This is something that is decided by the Prosecutor General's Office, which as I said, has already been taking place. We believe that the distortions in the decisions by different prosecutors sometimes caused misunderstandings and in a certain way anarchy and inconsistency. Thus, for the sake of reestablishing or regaining the credibility of the surrender policy it is good for the prosecutor, as the Penal Code stipulates, to have a direct say in the precise guidelines to be used by the prosecutor who awards the benefits. This is much better for the people who wish to surrender because it enables them to have clear guidelines as to how the surrender policy will be applied.

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[Arizmendi] In view of this, is this not too much responsibility for you to have concentrated in one person the legal criteria of so many complex case files? How many cases will you handle; I mean those that are really crucial and delicate cases?

[Valdivieso] I would say that as far as benefits are concerned, it is not a question of handling the case file. Benefits are handled separately from the case file itself. Benefits are actions that are handled very punctually and during a certain stage. What is important is that the prosecutor's criteria be the same as those established by the Prosecutor General's Office in order to give the best image to Colombian society. It is true that at one time or another these benefits were granted very directly, and sometimes inexplicably, in similar cases. It is important to create conditions that allows this to be perceived in its true light, to establish (?standardized) criteria in order for the surrender policies to be more credible to Colombians.

[Arizmendi] In this case, Dr. Valdivieso, you decide whether the prosecutor with whom the criminal negotiated committed a mistake or not or whether he correctly applied the surrender policy or not?

[Valdivieso] When designating a prosecutor, for example, to begin talks on benefits, he should first consult the prosecutor general and the national director of prosecutors offices to cstablish guidelines on the talks. Afterwards the talks are reviewed and the prosecutor general also states his general agreement or disagreement with the way the talks were handled. This gives a sort of clear course of action on granting of benefits.

[Arizmendi] Mr. Prosecutor General, why then all the uproar over the surrender policy, if to make it more rigorous all the prosecutor has to do is adjust a few papers and sign a resolution?

[Valdivieso] It is not simply an uproar that has no support at the polls, as has been the case with certain decisions. This is the result of differences of opinion which often are (?expressed) by prosecutors' actions. It also has to do with certain circumstances involving sentencing by the judges. That is why it is important; that is why this commission's actions are important, because their desire to reach a consensus will lead to the establishment of certain guarantees and guidelines. I believe this is important for the implementation of local laws.

[Reporter] However, Dr. Valdivieso, when the surrender policy was widely criticized by the government and other sectors, it was said that the prosecutors were too slow. The prosecutors denied this, saying they were only implementing the law, the reductions, and so forth. Now you have admitted that the prosecutors misinterpreted the surrender policy and that all they had to do was implement it properly.

[Valdivieso] With regard to opinions pertaining to the prosecutors, I always said that they should be required to implement the surrender policy in an objective, yet rigorous manner. I thought there was a lot of slowness, and I commented on this at the time. As for criteria concerning the concession of benefits, for a long time very similar cases were handled in a totally contradictory manner. Therefore, the issue is that prosecutors should do their jobs themselves instead of relegating them to other people. Therefore, [words indistinct]. That is a delegation.

With regard to reaching a consensus, we must improve the likelihood of implementing the surrender policy and of somehow avoiding decisions that would shock and offend society, because of their excessive [words indistinct], which are alarming to society.

[Arizmendi] Mr. Prosecutor, who is going to control the judges? You are going to control the prosecutors, acting as a filter for their decisions. However, the judges are the ones who ultimately make decisions.

[Valdivieso] There is a very important aspect in which jurisprudence must (?prevail). I think that when this commission analyzed the change of the penal [word indistinct], it was established that there were certain parameters of interpretation that when the behavior, circumstances, and statements by [words indistinct], the minimum penalties could not prevail. From that same point of view, certain legal interpretations [words indistinct] could affect the decisions of the judges. It seems to us that this is a way of harmonizing in a certain way the legal interpretation with the circumstances of each judge, who in many cases, lacks [word indistinct] criteria of implementation and evaluation of the penal [word indistinct]. In other words, we are going to make adjustments to these procedures, and, of course, [words indistinct]. At all times, the penalties that are called for will be applied.

[Arizmendi] Mr. Prosecutor General: We have heard that confessed drug trafficker (Juan David Rocha Ramirez) was sentenced to 14 years in jail. This is an unusual sentence that had not been applied in other cases in Colombia. Do you have anything to say about the existing norms within the surrender policy and this sentence?

[Valdivieso] No, I feel that the judges themselves are the ones who decide on the sentence. They have that power, and I respect the decision of the judge who hands down a sentence. I do not think the judges have to comply with the minimum penalty. We have been working on that, we have been insisting [words indistinct].

[Arizmendi] How about the case of (Gustavo Saltoque Alfonso), an administrative official whom the Office of the Prosecutor General has linked to other officials of the same office who are being investigated for the murder of guerrilla Hernando Pizarro Leongomez?

[Valdivieso] This is a regrettable incident because an official of the Office of the Prosecutor General is linked

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to these events. He is currently being investigated. Naturally, there are other persons involved, and we want to show that the Office of the Prosecutor General is doing everything possible to clarify these events, regardless of the persons involved. In view of the fact that an official of that office is involved, then the case must be handled more carefully. I insist that it is a very regrettable incident, and we are very concerned. We will see what the investigations yield.

[Reporter] We thank the prosecutor general for his statements.

Employees at Prosecutor General's Office Accused of Murder

PA1203043095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 10 Mar 95

[Report from the "Seven O'Clock Newscast"]

[FBIS Translated Text] The Office of the Prosecutor General, which could quickly have recovered the nation's faith in justice in Colombia, is involved today in an obscure scandal because four of its employees have allegedly taken part in the cold-blooded murder of Hernando Pizarro Leongomez, brother of former presidential candidate Carlos Pizarro.

According to witnesses, during the unusual operation, Pizarro's murderers were even wearing armbands from the Office of the Prosecutor General.

Last night, an investigation was opened on Gustavo Sastoque Alfonso, an administrative employee at the Office of the Prosecutor General, who is allegedly involved in Hernando Pizarro Leongomez' murder. The "Seven O'Clock Newscast" found out that Sastoque, who worked as an assistant at the Office of the Prosecutor General, confessed that he had been hired by individuals whose names he did not reveal. He assured, however, that they had hired him for over 90 million pesos to remove the guerrilla leader from his house in northern Bogota and take him to another site. Sastoque revealed that the alleged operation was done in complicity with three other technical staff employees from the Office of the Prosecutor General who are currently sought by the authorities.

According to Sastoque's confession, the operation failed because Pizarro refused to be taken away. His confession confirms the first report given on the night of the murder by witnesses who said that men wearing armbands and jackets from the Office of the Prosecutor General had shot Pizarro. It is noteworthy that on that evening employees from the Office of the Prosecutor General at first rejected this possibility.

An unidentified investigating prosecutor was questioned by reporters.

[Begin recording] [First unidentified reporter] Why is it now being said that the operation was carried out by a (?state) institution?

[Prosecutor] I am not aware of that information. So far we do not have any clues...

[Second unidentified reporter, interrupting] Was this the first report that a security body was conducting an operation?

[Prosecutor] No, I do not know. [end recording]

Now the big mystery is to find out who hired these agents from the Office of the Prosecutor General to transfer Pizarro or why they wanted to move him from one place to another.

Search Bloc Arrests, Releases Cartel Leader's Children

PA1203031095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 11 Mar 95

[Report by Yoli Mazelli and Maria Cristina Sarria from the "Seven O'Clock Newscast"]

[FBIS Translated Excerpt] In the same unexpected manner as one of the Rodriguez Orejuela brothers was arrested just a few days ago, police today proceeded to arrest Humberto and Maria Alexandra, the son and daughter of Gilberto Rodriguez Orejuela, who is believed to be the leader of the Cali Cartel.

Even though the two siblings were released a few hours following their arrest, the news still caused quite a stir throughout Colombia. [passage omitted]

Rodriguez Orejuela's children were released after Search Bloc officials became aware that the arrest warrant in their hands had been revoked in October 1994. The Search Bloc agents' surprise was as great as their intelligence-gathering efforts during the past few months at the MIGIL Corporation, where the son and daughter were arrested. The name of the company was probably coined from joining the first two letters of Miguel and Gilberto Rodriguez Orejuela's names.

MIGIL, the company raided by the Search Bloc at 0900 this morning is located in the district of Tequendama, south of Cali. During the raid, the company's manager, Humberto Rodriguez Mondragon, and his sister Alexandra were both arrested.

Following the operation, which included nearly 50 Search Bloc members, Rodriguez Orejuela's son and daughter were taken to the Escuela de Carabineros, the Search Bloc's headquarters in Cali. Two hours later, they were released following instructions from the regional prosecutor's office since there were no cases or arrest warrants pending against them.

MIGIL distributing company was established on 30 March 1988 and registered at the Ninth Cali Notary by Miguel and Gilberto Rodriguez. According to documents obtained from the Cali Chamber of Commerce,

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the company's main business activity is the purchase, sale, distribution, and representation of food, garments, toys, and household goods.

The distributing company's shares, the current nominal value of which is 1 billion pesos, are owned by the Rodriguez Orejuela family. [passage omitted]

The arrest and subsequent immediate release of the Cali cartel leader's children led to the resurfacing of long-lasting problems of coordination between the Office of the Prosecutor General and the Search Bloc.

Defense Minister Fernando Botero, concerned about the incident that took place today in Cali with the arrest of Humberto and Alexandra Rodriguez, met in private with Prosecutor General Alfonso Valdivieso. The two officials discussed the arrest issue, but refrained from disclosing details of the meeting. Nevertheless, it was learned that Botero and Prosecutor General Valdivieso agreed to create a special unit that will be responsible for coordinating intelligence between the Cali Cartel Search Bloc and the prosecutor's office to prevent the situation that took place today from happening again.

Ecuador

Joint Command Chief Warns of No Quick End to Conflict

PA1403125895 Quito Voz de los Andes in Spanish 1200 GMT 14 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Victor Hugo Bayas, chief of the Armed Forces Joint Command, has admitted that the conflict with Peru might be a long one and that negotiations will last a long time. He said conflicts of this sort tend to drag out over a long period of time because of each country's interests in defending its position, and, above all else, because Ecuador is in no hurry to find a solution that fails to coincide with its interests. He also ruled out that the Armed Forces will pressure the government to seek an immediate solution.

Envoy Affirms Arrival of Peace in Conflict Area

PA1303235995 Madrid EFE in Spanish 2004 GMT 13 Mar 95

[FBIS Translated Text] Quito, 13 Mar (EFE)—Ecuadoran Ambassador Diego Rivadeneira, who is the "liaison" between the guarantor countries' observers and the Quito Government, has given assurances that "peace has arrived to the area of conflict" between his country and Peru.

"Observers are very optimistic because they see that progress is being made, and they report that the same constructive mood to end this affair exists in Peru."

In telephone statements to EFE from Patuca (Ecuador), 50 km north of the conflict area, Rivadeneira insisted that "peace has arrived and is becoming more permanent with each passing day."

He said that members of the "permanent" observers team from Argentina, Brazil, Chile, and the United States who arrived in Patuca on Sunday "have rapidly become organized, and today a delegation will depart for the Ecuadoran detachment of Coangos" on the outskirts of the combat area, where Ecuadoran troops are to pull back.

Likewise, he confirmed that a delegation of the mission that is in Piura in Peru will also head today to Watch Post One (PV-1), where Peruvian soldiers will also pull back.

The observers' central base on the Ecuadoran side will be set up in Patuca and the operational centers in Coangos and PV-1, and from there they will go to Tiwinza and Base Sur.

"This is what the Itamaraty (seat of the Brazilian Foreign Ministry) Peace Agreement establishes. Observers will verify positions (Ecuadoran and Peruvian) in the points of greater tension—Tiwinza and Base Sur—Rivadeneira reiterated.

The diplomat attributed to "strategic" and "security" reasons the fact that "acting" observers, replaced by the permanent ones, have not established themselves in Coangos Detachment.

"For security reasons, all observers cannot be allowed to remain in Coangos. For strategic reasons also it is not good to group them all together. It is more effective to have several positions," he said.

He added that in the beginning there was concern about the observers' safety, because the situation in the area was very touchy and the peace uncertain, but thanks to God and the observers' good will, as well as the open and clear cooperation of the Ecuadoran Armed Forces and Government, a real and effective cease-fire has been possible."

With these guarantees established, the permanent mission "will begin operations with a greater possibility for success, because the cease-fire goal has already been fully accomplished, thus their goal is to take charge of the simultaneous withdrawal of Ecuadoran and Peruvian troops," he underscored.

Rivadeneira considers it "very unlikely" that there will a resurgence of the non-declared war that took place between 26 January and 28 February in the Upper Cenepa, which is part of the 78-kilometer undemarcated strip.

There is "not even" a possibility of sporadic skirmishes because "everything is totally calm and the armies of the two countries are dedicated to peace and thinking about the withdrawal of troops, which is the next step, and this is what observers are now coordinating," Rivadeneira said.

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The diplomat considers "sufficient" the 90 days that observers plan to remain in the conflict area, in view of the fact that "the two countries are bent on rapidly settling this affair and the international mission is determined to work quickly."

Paraguay

Retired Colonel Views 'Repeated' Coup Rumors

PY1303212995 Asuncion ABC COLOR in Spanish 13 Mar 95 p 8

[FBIS Translated Text] Colonel Catalino Gonzalez Rojas, retired, said yesterday that repeated rumors of a possible military coup reveal that there is a division within the Armed Forces. Rumors of possible military action circulated again on 11 March, but were denied by the Armed Forces and the interior minister. Some of the alleged reasons were the exercises carried out by "Tucano" planes in Ayolas, which allegedly annoyed a military group (belonging to the cavalry). [Asuncion NOTICIAS in Spanish on 6 March publishes on page 16 a 300-word unattributed article noting that "two weeks ago the Air Force began conducting military maneuvers" in Ayolas.] Also fueling the rumors were General Lino Oviedo's difficulties in having some of his trusted men elected to the Supreme Court.

Gonzalez Rojas admitted that on the afternoon of 11 March he had heard some local radio stations talking about the possibility of a coup because some Armed Forces groups were rather unhappy with the situation. "Coup rumors circulate because there are internal problems between various Armed Forces groups. There seem to be procedural problems," Gonzalez Rojas said.

The retired colonel said that one of the theories indicated that the possible military annoyance was due to the deployment of some "Tucano" planes to the Ayolas area. On 5 March one of the planes fell to the ground, killing Captain William Sanchez and Edgar Cramer, the son of Air Force Commander General Cesar Cramer. Armed Forces spokesmen, however, denied any troop movements during afternoon or night of 11 March.

According to this theory, another reason for the military annoyance was Army Commander Gen. Lino Cesar Oviedo's difficulties in having some of his trusted men named Supreme Court justices. According to Gonzalez Rojas, if this rumor is true, Oviedo's position would be an obstacle to the political transition and even to the Armed Forces.

The retired officer said that military pressure has always been important throughout Paraguayan political history. "This was felt with more intensity as of 1936, and as long as people do not have the political will to put an end to it the transition will not be consolidated, and we will risk falling into the same old mistakes," Gonzalez Rojas said.

He added that this kind of uncertainty creates a lot of nervousness in the population and affects our political and economic situation. "The rumors of military pressure in political or judicial matters create doubts among potential investors. Under these conditions only investors who act in the dark, and who we must eradicate, will come and continue to operate in the country," Gonzalez Rojas said.

Asked about the matter, Interior Minister Carlos Podesta said "there is nothing to it." He admitted, however, having heard rumors of possible military annoyance. "The rumor started at 1700. At that time I received the first report. From that time on we watched and watched, but absolutely nothing out of the ordinary occurred. The public can rest in peace. There is absolutely nothing to it, and the proof is that nothing at all happened," Podesta said.

Peru

Observers' Advance Mission Leaves for Watch Post One

PY1303203195 Lima Radio Programas del Peru Network in Spanish 1850 GMT 13 Mar 95

[Live telephone relay by correspondent Ismael Byron Horna from the Sixth Military Region in Bagua]

[FBIS Translated Text] Good afternoon, "Directo en Directo." This is a report from the Sixth Military Region, Utcubamba Province, Amazonas Department. The temperature here now is 40 degrees centigrade. Four members of the advance mission of the guarantor countries of the Rio de Janeiro Protocol left for Watch Post One, also known as PV1, to fulfill the mission of definitively consolidating the retreat, separation of forces, and demilitarization in the Condor Mountain Range. The permanent mission members in the first group to carry out a 48-hour observation mission at the northern border are Argentine Army Lieutenant Colonel (Juan Carlos Maccioni), Chilean Army Lieutenant (Colonel Edgardo Beliz), U.S. Major (Edward Ridder), and Brazilian Army Major (Paulino Lima).

Moreover, the preliminary mission that arranged and coordinated the visit of the delegation beginning its activities today will return to Lima. As is known, this delegation was headed by Brazilian Army Colonel Edson Sa Rocha. The first group of guarantors arrived at PV1 after a one-hour flight by helicopter. The mission was welcomed at PV1 by Luis Perez Document, chief of the Sixth Military Region and chief of staff of the Armed Forces joint staff.

As of today, guides from the Aguaruna Guampiza indigenous community will help the guarantors. The Sixth Military Region has recruited a regiment of Aguaruna Guampiza indigenous guides for this purpose. The mission's main obstacle in order to verify in situ the retreat of the Ecuadoran troops will be the mined field in the so-called False Tihuinza and Ampama zones. In these two areas the Ecuadoreans planted the production of two

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mine factories. Special forces are still deactivating these mines. The device used by the special forces to deactivate the Ecuadoran mines is called (bangaloide). We will be back in a few minutes with more information from the Sixth Military Region. This has been a report by Radio Programas del Peru special correspondent Ismael Byron Horna.

Peruvian Positions Said Seized by Ecuador 11 Mar

PY1403005495 Lima Radio Programas del Peru Network in Spanish 0032 GMT 14 Mar 95

[Live telephone relay by correspondent Ismael Byron Horna from the Sixth Military Region in Bagua]

[FBIS Translated Text] Taking advantage of the ceasefire signed in Montevideo and the demilitarization process started by Peru at the headwaters of the Cenepa River, Ecuadoran troops two days ago [11 March] allegedly seized positions that had been recovered by Peruvian forces in the False Tihuinza zone.

In order to consolidate positions in Peruvian territory, the Ecuadoran forces attacked a Peruvian patrol, killing three and wounding two Peruvian soldiers.

This information was disclosed a few minutes ago by sources at the Sixth Military Region, personnel from the Armed Forces medical units, and members of the Social Security Service field hospital here in the Sixth Military Region.

It was learned that the Armed Forces Joint Command would not try to recover the seized zone, but rather try to do so through diplomatic channels.

One of the soldiers, who was shot dead, and another wounded soldier were transferred to Lima in a Peruvian Air Force Antonov aircraft that left from the El Valor airport.

It was also learned that two of the soldiers died due to shots sustained in the neck and chest respectively, while the third was killed from a shot that hit him in the thorax.

It is also known that one of the wounded soldiers underwent surgery, the outcome of which was satisfactory, at the Social Security Service field hospital in the Sixth Military Region to remove a bullet lodged in his kidney and part of his intestine.

Twenty elite soldiers from the Peruvian Air Force were taken to Lima in the same Antonov aircraft that transported the coffin of the soldier who died in combat and the other wounded soldier.

We will supply more information on the matter later on. This was a report for "Directo en Directo" by special correspondent Ismael Byron Horna from the Sixth Military Region, Utcubamba Province, Amazonas Department.

Guarantor Denies Reports of Attack

PY1403114395 Lima America Television Network in Spanish 1105 GMT 14 Mar 95

[FBIS Translated Text] Argentine Lieutenant Colonel (Juan Carlos Manzzoni), the chief of the observers' mission detached to Watch Post No. 1, has denied reports by a local radio station about an incursion of Ecuadoran troops near Tihuinza.

(Manzzoni), who went straight to Bagua to verify the incident, denied the report. He also denied that Ecuadoran soldiers seized some parts of the Tihuinza base during a surprise attack on 13 March.

(Manzzoni) also denied that there have been any casualties among either Peruvian or Ecuadoran troops. He said one must first verify the nature of the report before undermining the pacification process between the two countries.

Head of Mission Returns 'Suddenly'

PY1403011195 Lima Radio Programas del Peru Network in Spanish 0052 GMT 14 Mar 95

[Live telephone relay by correspondent Ismael Byron Horna from the Sixth Military Region in Bagua]

[FBIS Translated Text] The chief of the definitive mission of the guarantor countries of the Rio de Janeiro Protocol, Argentine Army Lieutenant Colonel (Juan Carlos Maccioni), accompanied by Brazilian Major (Paulino Lima), returned suddenly from Watch Post One [PV1] to Bagua.

These military attaches in charge of the demilitarization process in the Condor Mountain Range returned to Bagua when they should have spent 48 hours in that zone to verify the withdrawal of the troops of the two countries.

We will be back with further information. This was a report by special correspondent Ismael Byron Horna for "Directo en Directo" from the Sixth Military Region.

Mission Chief: Situation 'Normal'

PY1403131095 Lima Radio Programas del Peru Network in Spanish 1139 GMT 14 Mar 95

[Live relay by Ismael Byron Horna from Bagua with announcer Jesus Miguel Calderon]

[FBIS Translated Text] [Jesus Miguel Calderon] Good morning, Ismael. What is the latest report on the situation in Bagua?

[Horna] Argentine Lieutenant Colonel (Juan Carlos Manzzoni), the chief of the definitive mission of the guarantor countries of the Rio de Janeiro Protocol, has said he has no knowledge of a clash between a Peruvian patrol and an Ecuadoran contingent that allegedly occupied positions in the false Tihuinza region.

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For further details, let us listen to him. (Manzzoni) said he is unaware of a new Ecuadoran incursion, adding that the cease-fire still holds in the border region.

[Begin recording, in progress] [words indistinct] [First unidentified reporter] But you were [words indistinct] killed...

[(Manzzoni) interrupting] ...no, we have not witnessed....

[Second unidentified reporter interrupting] Why have you returned from PV1 [Watch Post No. 1]? You were going to stay there for 48 hours.

[(Manzzoni)] [words indistinct]

[Third unidentified reporter] Why did you return from PV1 when you had planned to remain there for 48 hours?

[(Manzzoni)] [word indistinct] the observers team for 48 hours.

[Reporter] How about the coffin that was flown in?

[(Manzzoni)] I am not aware of that.

[Reporter] How about reports about [words indistinct]?

[(Reporter] Which countries representatives remain at PV1?

[(Manzzoni)] Argentina, Brazil and...

[Reporter, interrupting] [words indistinct] four?

[(Manzzoni)] Four until the U.S. representative arrives.

[Several simultaneous questions indistinct]

[(Manzzoni)] If I told you I am not aware of it, it is because I am really not aware of it.

[Reporter] There have been reports of some skirmishes...

[Reporter, interrupting] ...reports [words indistinct]

[(Manzzoni)] As I already told one journalist, until 1900—which is the time of the last report I received from the area—I am not aware of any skirmish.

[Reporter] Will you discuss this issue in the meeting you are scheduled to hold now? [words indistinct] will you discuss this issue?

[(Manzzoni)] No, no, I am not going to any meeting.

[Reporter] Will you make a general assessment of the situation?

[(Manzzoni)] Until 1900 the situation is perfectly normal.

[Reporter] Is the agreement being upheld?

[(Manzzoni)] The agreement is being upheld and this is why we are here at PV1.

[Reporter] Good, but my question is about the cease-fire?

[(Manzzoni)] Yes, yes.

[Reporter] Have there been any casualties among Peruvian troops?

[(Manzzoni)] I am not aware of it.

[Reporter] [words indistinct] withdrawal of Peruvian troops?

[(Manzzoni)] I visited PV1 today [words indistinct] and up to 1900 I have had no reports of any incidents [words indistinct] ... [end recording]

[Calderon, interrupting] Ismael Byron Horna's report is quite clear. Mission Chief (Juan Carlos Manzzoni) has said that until 1900 last night, there have been no reports of casualties, skirmishes or clashes. Now, it is up to Armed Forces authorities to clarify the situation.

Ismael, we received your report on (Manzzoni) very clearly.

[Horna] Allow me to also inform you that on 11 March, the date the clash between Ecuadoran and Peruvian patrols allegedly occurred in the False Tihuinza region and its surroundings, a physician from the Health Ministry surgical team at PV1 had to perform an amputation on an Army non-commissioned officer who was wounded in these clashes.

The same physician also told us that a Peruvian soldier died at the Army health post from injuries he sustained in the region known at Intersection Y. These reports may be confirmed later.

[Calderon] Very well, Ismael we will be waiting to see what the observers, the Armed Forces members, and the military chiefs in Bagua have to say about all this.

[Lima America Television Network in Spanish at 1150 GMT on 14 March 1995 reports in a live phone relay by Rocio Diaz from Bagua that, according to the chief of the observers mission: "He arrived in the zone on 12 March, and this clash reportedly took place on 11 March."]

Tasks, Challenges of Observers' Mission Noted

PY1303221795 Madrid EFE in Spanish 1808 GMT 13 Mar 95

[FBIS Translated Text] Bagua, Peru, 13 Mar (EFE)—The observers mission of the guarantor countries of the Rio de Janeiro Protocol today denied Ecuadoran reports that the mission will not visit the bases of Tihuinza, Cueva de los Tayos, and Base Sur, the scene of the fighting in the recent Peruvian-Ecuadoran conflict.

Despite the fact that Brazilian General Candido Vargas de Freire, chief of the mission, is strongly opposed to making comments, he denied Ecuadoran reports that the observers are refusing to visit the three bases.

"We will get to those bases in the future, according to the progress of the operations," said Gen. Vargas de Freire,

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who dislikes television cameras and even pictures, and refuses to talk in the presence of reporters carrying recorders.

Gen. Vargas de Freire said that the mission will move around in Peruvian, Ecuadoran, and U.S. aircraft. He added that "our objective is to enforce the peace declarations of Itamaraty and Montevideo and the Rio de Janeiro Protocol," which in 1942 established the border between the two countries but which Ecuador believes to be "unenforceable."

The mission was divided into two groups. Of these two groups the one that is in Bagua, 250 km from the Condor Mountain Range where the fighting took place, left today for Watch Post One (PV1) to verify if the Peruvian troops are concentrating there as ordered by the Itamaraty Declaration of 17 February 1995.

This mission will be relieved in groups of four observers, said Argentine Lieutenant Colonel Juan Carlos Manzzoni, mission chief in Bagua.

The other half of the mission, which is in Patuca (Ecuador), is headed by Chilean Captain Carlos Baudrier.

Coordination between the two missions will be carried out by Gen. Vargas de Freire, who added that in the 90 days available—which can be extended—to pacify the border conflict zone, there will be changes of positions and people.

Vargas de Freire did not want to comment on the problems related to the signing of the document regulating the work of the observers in the area of the five-week non-declared war between Peru and Ecuador.

Brazilian Deputy Foreign Minister Sebastiao do Rego said that because of this problem the mission that was to arrive on 9 March in Piura, Peru, was delayed until 11 March because of objections made by Ecuador, which finally signed the document on 12 March, while Peru had already signed it on 8 March.

Gen. Vargas de Freire said that the question he was being asked on this issue was "diplomatic, and does not concern me. The definition of procedures was established on 10 March in Brasilia, and we left on 11 March for Peru."

He recalled that the mission is strictly military, and has the objective of verifying the suspension of hostilities, the withdrawal of troops to PV1 and Coangos in the case of Ecuador, the separation of forces, and suggestions to the parties for establishing a demilitarized zone.

The mission of the "white berets," as the observers are being called because of what they wear, will try to pacify the conflict zone and implement adequate measures for preventing further clashes.

The ambassadors of the guarantor countries—Argentina, Brazil, Chile, and the United States—who welcomed the mission in Piura, 1,000 km north of Lima, have returned to the Peruvian capital.

Col. Manzzoni said: "We hope our contribution will allow the fulfillment of our mission: to achieve peace between two fraternal nations."

After the pacification and demilitarization of the Peruvian-Ecuadoran border zone, Peru wants to demarcate the 78 km border area in the Condor Mountain Range that has not yet been demarcated.

Peruvian observers and analysts believe that this task, which must be resolved through diplomacy, will be long and difficult.

EFE Interviews Fujimori in Copenhagen

PY1303230095 Madrid EFE in Spanish 1640 GMT 12 Mar 95

[By Francisco R. Figueroa]

[FBIS Translated Text] Copenhagen, 12 Mar (EFE)—In an interview granted to EFE during the World Summit for Social Development in Copenhagen, Peruvian President Alberto Fujimori today denied that he is a hostage of the generals, saying on the contrary that the military "are subordinated" to the civilian power.

Fujimori denied that the Armed Forces are his main and safest pillars. "It is a statement that is not in keeping with reality. The Armed Forces are subordinated to the civilian power," Fujimori said.

He added that he is the commander in chief of the Armed Forces "with all its responsibilities," but above all with "all constitutional powers," and that relations with the military institution are "hierarchical, and not those of dependency or parallelism."

The president added that for the first time a military strategy, led by him, had been implemented in Peru against violence and in favor of the development of the poor communities.

"This is very clear evidence that the civilian power is in control. In Peru we cannot say that there is a military power," Fujimori said.

He explained further that the old system—the system that allowed the military institutions to decide independently who would be the commanders, and which represented a parallel power to the civilian power—has been changed.

Fujimori said that he is in favor of maintaining the top commanders in their posts, as "a commander cannot be changed in the middle of a war against terrorism that is being carried out at a speed never seen before in the world, with results that are in sight and represent an investment."

The fight against the terrorist groups of Shining Path and the Tupac Amaru Revolutionary Movement (MRTA), which scourged Peru especially in the 1980's and up until 1992, impoverishing the country, resulted in the annihilation of the latter group and the reduction of the first,

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the most dangerous and bloodiest group, to a minimum. The government hopes to soon eliminate Shining Path.

According to Fujimori, there is a belief that civilians depend on the military because his government lacks public organizational support, which in effect he does not have, although "he has the support of all citizens to a certain extent."

"The citizens are not supporting the political parties, and that is their sovereign will. They support independent candidates like me," he said.

Fujimori said that after the defeat of subversion, with what is perhaps the greatest economic growth in the world, and with the overcoming of financial isolation, the presidency of Peru has stopped being "the most dangerous profession in the world" and has become "an attractive post," although he denied that he is seeking reelection for this reason.

Fujimori denied that his electoral interests promoted the recent armed conflict with Ecuador. "That was no electoral issue, and that was understood by the 14 candidates," he said.

The latest polls recorded a drop in voters' preference for Fujimori to under 50 percent, although he would comfortably win the second round against his main opponent, former UN Secretary General Javier Perez de Cuellar.

"Peru had no reason to provoke the war. It has a solid economy and is among those countries with the highest growth in the world, while terrorism is being defeated, and the president has the broad support of more than half of the population. There was absolutely no reason for the war," he said.

He added that the only thing his country is seeking is that Ecuador respect the border limits of the 1942 peace treaty, which like all international treaties is "everlasting, and cannot be revised or modified unilaterally."

Fujimori commented that efforts to solve the problem are on the right footing, based on the agreements signed by Ecuador and Peru; on the intervention of the United States, Argentina, Brazil, and Chile, the so-called guarantor countries of the "Rio Protocol" (the agreement signed in 1942); and on the beginning of work by the observers sent by those four nations.

Fujimori said that Ecuadoran President Sixto Duran-Ballen's government has a "position that twists and turns," because "at times it talks about the enforcement, at others times about the validity, and at others about the revision" of the Rio Protocol.

He explained that it is a deliberate strategy for "domestic consumption" until they manage to change the beliefs of the Ecuadoran people, who have been taught that the national border is on the Amazonas River.

Moreover, the Peruvian president voiced his hope that the creditor countries would pardon the debts of the debtor countries, although this possibility barely surfaced during this summit.

The Copenhagen declaration does not establish a general principle for canceling debts, as the developing countries desire, but opens up the possibility of bilaterally condoning debts, case by case, within the terms of the Paris Club.

Peru's government-to-government debt amounts to some $5 billion, and according to Fujimori, there is room for the creditor countries to continue pardoning Peru's official debt, as Switzerland did last year when it condoned some $150 million.

According to the Peruvian president, any debt renegotiation should be carried out in a manner that is favorable to the developing countries.

As for the Peruvian debt with the international banking sector, amounting to some $6 billion, Fujimori asserted that if he is president during the next five-year presidential term, starting in July, or if anybody else is, his country "will honor its commitments," although it always hopes to receive "favorable treatment" from its creditors.

He said that the current electoral period, for the upcoming presidential and legislative elections in April, is "not the most appropriate time" for negotiating with Peru's creditors. The negotiations that the international banking sector has been expecting since December will therefore not take place until after July.

Fujimori said that the announcement during the Social Development Summit that the United States will channel 40 percent of its foreign aid through nongovernmental organizations "could" be interpreted as a lack of confidence on the part of the United States.

According to the Peruvian president, his government has "efficiently" handled foreign aid, and "has done it better" than some nongovernmental organizations.

Fujimori added: "I do not want to talk about bilateral aid, but as far as that obtained from international organizations is concerned, we would rather that it all be handled by official organizations, because in Peru's case the government has done so very efficiently."

Fujimori said that the severe criticism in the official U.S. report on his country, Bolivia, Colombia, and Paraguay, concerning the alleged inefficiency of their governments in fighting drug trafficking, is "unfair and inaccurate in its assessment" because the four nations "have made huge efforts with relatively little international cooperation."

In Peru's case, the results of those efforts have been the capture of well-known drug traffickers and the confiscation in one single year of over 3,500 kg of drugs.

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He went on to say that the United States grants Peru some $30 million to fight drug trafficking, and maintains drug enforcement agents in the Santa Lucia base, in the jungle where the largest coca plantations are located, and in Yurimaguas, in northern Peru.

Deputy Foreign Minister on Diplomatic Work

PY1403001395 Lima EL COMERCIO in Spanish 4 Mar 95 p A6

[Interview with Deputy Foreign Minister Eduardo Ponce by Gladys Bernal Barzola, granted aboard the flight back from Uruguay, where he attended Julio Maria Sanguinetti's inauguration on 1 March]

[FBIS Translated Text] [Bernal] Five weeks after the start of the clashes, what is your assessment of the diplomatic work Peru has conducted?

[Ponce] It is satisfactory. The achievements are obvious: A formal acknowledgement of the Rio de Janeiro Protocol both in words and deeds, first by the Ecuadoran National Security Council and later by the Ecuadoran foreign minister. The Ecuadoreans have publicly made these acknowledgements both in Rio de Janeiro and in Brasilia, and more recently in Montevideo. We also have produced documents signed by Peru, Ecuador, and all guarantor countries containing commitments to comply with the Rio de Janeiro Protocol, which strives to demarcate a border delimited in 1945.

[Bernal] Is Ecuador truly willing to comply with this commitment? This is why Peru has been criticized for not exerting any pressure.

[Ponce] We must make a clear distinction between the diplomatic and military fronts. Although they are closely interrelated, what we diplomats do is to maximize the profits and minimize the damage. This is what we have been doing throughout this unfortunate conflict. It is lasting longer than it should, and although it is true that Peru has won very important positions at the diplomatic level, it is also true that at the military level, the other party has posed a staunch resistance. I want people to understand that to negotiate with Ecuador and the four guarantor countries is a complex, demanding, and difficult task.

[Bernal] Ecuador has been able to summon the OAS and to be heard by the Vatican. How does Peru view this situation?

[Ponce] The OAS Permanent Council meets whenever it is summoned by a given country. There is no special significance attached to this. A foreign ministerial consultation meeting has not been summoned, that is, the OAS has not met at the same level it met during the False Paquisha conflict, at which time the OAS met more than once.

An OAS or UN Security Council meeting should not be an issue of concern because ultimately these organizations will undoubtedly support the task of the Rio de Janeiro Protocol guarantor countries, since it is an international treaty and because the system is based on the upholding of treaties and their mechanisms.

[Bernal] The OAS secretary general did, however, make an ambiguous statement. He even said that there was a possibility of imposing an economic embargo.

[Ponce] Cesar Gaviria's statement must be put in context with other statements he made during at least two visits to Ecuador. He said that the OAS could not intervene in the situation if the two parties do not request it. Although the urgency of the situation may have compelled him to make such a statement to pressure the two parties, the fact, whether fortunately or unfortunately, is that the new OAS charter has different regulations in this regard.

[Bernal] Does this mean that there is no risk in this regard?

[Ponce] There is no risk. Peruvians can feel assured about their rights because they are firm and solid. Regarding your question about the Vatican's intervention, the mission of Vatican representatives that arrived expressed support for the action of the Rio de Janeiro Protocol guarantor countries. Peruvians can feel assured about their rights.

[Bernal] Does this mean that the Ecuadoran president's attitude has failed?

[Ponce] Acknowledging the Rio de Janeiro Protocol in words and deeds compels Ecuador to act accordingly at the international level. It means that statements that might be made for political or propaganda reasons cannot hinder this recognition because the entire country is obliged to honor its commitments and the Ecuadoreans have recently acknowledged the full enforcement of the Rio de Janeiro Protocol.

[Bernal] You have already explained the reasons why PV1 [Watch Post One] and Coangos have been chosen as the bases for the redeployment of troops. After this statement was made, however, the Ecuadoreans have precisely attacked Coangos. Is it necessary to request the Ecuadoreans to redeploy their troops further back?

[Ponce] I do not wish to discuss this issue any further. It will depend on what attitude Ecuador chooses to uphold in Coangos, and on whether or not guarantor countries will blame it for anything in their recommendation. If the activities carried out in the area at the military level are of a surveillance nature, that is one thing; if, however, they are of an offensive and belligerent nature, and pose a threat to neighboring Peruvian towns, the results will be quite different.

[Bernal] In the last couple of weeks it is precisely the second attitude that has prevailed.

[Ponce] You are the one who said that. It depends on Ecuador, therefore, to decide what the fate of Coangos will be.

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[Bernal] And on a recommendation to be issued by the observers from the guarantor countries?

[Ponce] They will conduct themselves with the seriousness that have always characterized them. They have a very important responsibility to fulfill, because the security of the two countries lies in their hands.

[Bernal] What is the objective in concentrating Chilean and Brazilian observers at PV1 and Coangos?

[Ponce] We want observers to be present at the geographic sites where they can physically witness what is taking place or has taken place in the conflict region. After great efforts we have been able to get some of the four guarantor countries to offer us the deployment of their military attaches to these sites.

[Bernal] It seems that the bombing has lessened a bit over the last two days. Do you predict that a solution is close at hand?

[Ponce] It is not that the bombs have lessened a bit. There has been a significant reduction in military activity.

[Bernal] What does this significant reduction mean in practice—that they will stay longer at PV1 and Coangos, or that the definitive mission for the demilitarization will arrive now?

[Ponce] This important mission will be in the region sometime between 5 and 8 March. Meanwhile, these military attaches are safeguarding with their presence the enforcement of the cease-fire in order to begin the separation of forces and the upholding of the political will of Peru and Ecuador.

[Bernal] There is another 15 km stretch between Teniente Ortiz and Soldado Monge that must also be demarcated. How will this issue be resolved?

[Ponce] I would rather not comment on this issue, because it is not an area encompassed in the conflict region, the diplomatic negotiations, or foreign policy. It would not be prudent to give an opinion.

[Bernal] Regarding the negotiations in Montevideo, has Peru achieved a lot at the diplomatic level? It seems that President Fujimori had more rapport with the other presidents than President Duran-Ballen did. Has it been established which country was the aggressor?

[Ponce] We achieved specific results at the foreign ministers' meeting. We reasserted once again the enforcement of the Rio de Janeiro Protocol and the implementation of its mechanisms. Regarding which is the aggressor, the presidents of third countries are showing understandable prudence. The presidents will not make any statements until the observers issue a report.

[Bernal] Although there have been no statements, was there a language of gestures and body movements?

[Ponce] You have interpreted that correctly. It was favorable to our country.

[Bernal] Can we say that Duran-Ballen lost ground at the presidential meeting?

[Ponce] I would rather not answer that.

[Bernal] Do you believe we lost a great opportunity at the highest level in Montevideo?

[Ponce] The foreign ministers' level is quite high. We have not lost an opportunity at the highest level. The Peruvian president was not responsible for the fact that there was no meeting or gesture at the presidential level. The conditions imposed by Sixto Duran-Ballen did not allow for that possibility.

[Bernal] Wouldn't it have been advisable in view of the current circumstances?

[Ponce] Perhaps a meeting would have been too much, but a gesture was desirable, and President Fujimori did make a gesture.

[Bernal] Courtesy and valor are not mutually exclusive.

[Ponce] Of course not.

Commentaries on Itamaraty Declaration

95SM0226A Lima (Internet) DESCO Gopher in Spanish 2 Mar 95

[From Resumen Semanal 22-28 Feb]

[FBIS Translated Text]

'The Basic Success of the Agreement'

[Lima] EXPRESO (23 Feb 95) carried the following statement. "Candidate Perez de Cuellar's harsh criticism of the peace agreement signed with Ecuador only serves to strengthen the official Ecuadoran thesis, to the extent that with the Ecuadoreans feeling that they are the real winners, it will be impossible to make progress toward final demarcation. This conspires against the most important national goal. We in Peru cannot be divided on this issue. It is not practical to ask for the impossible from the beginning, because we will only succeed in imposing a self-defeat upon ourselves. The Peace Declaration achieved the basic goal—the withdrawal of Ecuadoran troops from Peruvian territory and progress toward demarcation. If it is not possible also to obtain Ecuadoran recognition now that Cueva de los Tayos, South Base, and Tiwinza are located on Peruvian territory, or to obtain withdrawal of the Ecuadoran troops beyond Coangos—which now is Ecuadoran territory, this is obviously due to the fact that because of the conditions in the field and the localized nature of the conflict, the Peruvian military victory could not be absolute and overwhelming. Peru has won the best military victory possible, given the hostile scenario and the strategic positions held by Ecuador in the zone. In order to force Ecuador to accept a maximalist document

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from the beginning, Peru would have had to invade Ecuadoran territory and then exchange that territory we had occupied for agreement to all of our conditions. This is what the opposition is asking, without daring to say so. They are asking for something dangerous and counterproductive. Not only would this have initiated a war with incalculable consequences of every sort, but also, we ourselves would have been violating the Protocol. What is needed is to impose reason and to manage matters firmly and intelligently until final demarcation is achieved."

Document 'Negotiated Too Soon'

Mirko Lauer expressed the following view. "The Itamaraty document still has its defenders, and not only within the ranks of the government. They are no longer arguing that the document represents and consolidates a Peruvian triumph, but only that the war is a bad thing. Regarding this final conclusion, they are right, provided always they would agree to the premise that there is no worse war than a war that has been lost. Those who defend the document are beginning to emphasize its realism, above all. When Pablo Macera says that the diplomatic negotiations cannot go beyond what has been achieved in the military realm, one wonders if this means that Peru must proceed to resign itself realistically to having failed to win the military victory we needed. One could give such a position a hearing in the name of realism, pragmatism, and pacifism, as Macera urges. But the fact is that Ecuador, and not Peru, is stubbornly continuing the military actions, and thus undercutting Peruvian diplomacy. The Itamaraty document was negotiated too soon, with some hypotheses that time did not bear out. One consequence is that diplomatically, we are now dependent on the desire of the enemy for peace, of which there is not yet any sign. Peru might now proceed to think of submitting a formal demand to the guarantors, asking them to call Ecuador to order with regard to its commitments." (LA REPUBLICA 23 Feb 95)

Government's Credibility 'Damaged'

The weekly periodical CARETAS (No. 1351, 23 Feb 95) reported as follows. "The peace agreements signed in Brasilia on Friday, the 17th, instead of resulting in a definitive cease-fire, led to a resumption of the skirmishes. As of the beginning of this week, they were turning into real battles. The reason was that the Ecuadoreans attempted to maintain their hold on as many positions as possible in Peruvian territory so as to welcome the representatives of the guarantor countries and show that they are in possession of the territory in dispute. The Peruvian troops tried to prevent this, whatever the cost. But the political decision made by Fujimori and the military commanders, with the establishment of the cease-fire and the signing of the agreement in Brasilia, puts them in a compromised situation. On the one hand, they must prevent Fujimori's deception from becoming known. On Monday, the 13th, he said that the Ecuadoran troops had been forced out, and that all of the bases were under Peruvian control. It will therefore be necessary to try to oust the Ecuadoreans in fact. On the other hand, the cease-fire, which will be overseen by the guarantors, will have to be respected. Fujimori's problem is that if the Ecuadoreans manage to hold some bases in Peruvian territory until the guarantors arrive, his deception will be revealed to the people of the nation. As his chief interest is in the 9 April elections, this would deal him a fatal blow. The announcement of the unilateral cease-fire and the Brasilia agreement has been received by the citizens with increasing skepticism, although certain of the mass media have gone along with the government versions of the facts. This is no small thing, because the blatant contradictions in which the government has entangled itself since the conflict began have damaged its credibility."

'Increasingly Entangled'

Fernando Rospigliosi (CARETAS No. 1351, 23 Feb 95) has written as follows. "It is no surprise that the battles continue in the Condor Range, because the cease-fire announced by Alberto Fujimori on Monday, the 13th, and the agreement signed in Brasilia on Friday, the 17th, came at a time when Ecuadoran troops were occupying Peruvian territory. Fujimori lied to Peru when he said that the invaders had been forced out. There can now be no doubt at all that on Monday, the 13th, when Fujimori delivered his message to the country, they had not been ousted. And they are still there. On Tuesday, the 21st, there were rumors about the possibility that Peru might denounce the agreement signed in Brasilia, claiming that the Ecuadoreans have violated the cease-fire. All of these thrusts and parries are the product not only of the Peru's military and diplomatic defeats, but also of Fujimori's electoral interests. It may be that the candidate-president, realizing that the conflict could not be resolved rapidly and that its continuation might ruin his chance of reelection because of the cost in lives and money it would mean, decided to put an end to it, whatever it took. He may therefore have hastened to announce the unilateral cease-fire, attempting to make it seem that the defeat was a victory and then accepting an agreement that basically incorporated the Ecuadoran proposal. Because the other possibility, if the government and the military commanders had come to the conclusion that they could not force the Ecuadoreans out of our territory without paying an excessively high price, would have been to admit it, to explain to the country what pursuing a war under these conditions would mean, and to attempt to reach an agreement in Brasilia. But this would have meant that Fujimori would lose the election. Maintaining his distance, he should have done what Lyndon Johnson did when the United States was bogged down in Vietnam and he withdrew as a candidate for reelection in 1968. But Fujimori clings to power more avidly than to anything else, and so he did not hesitate to deceive the country and to sacrifice the interests of the nation in the service of his political ambitions. In short, the complications that have developed in recent weeks are the product of the mistakes resulting from Fujimori's

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electoral ambitions, since he is becoming increasingly entangled in his own lies. The efforts to conceal one lie with another have done nothing but aggravate Peru's situation, while the heroic Peruvian soldiers continue to fall, blown to pieces by the devious devices planted by the invading force."

'Diplomatic Triumphs'

Manuel d'Ornellas has expressed the following opinion. "Unlike the situation during the earlier confrontations on the northern frontier, we have in this instance won diplomatic triumphs we should not only make known, but must utilize to ensure that this type of undeclared war never happens again. The main triumph was winning Ecuadoran agreement to accept the authority of the guarantors. The second diplomatic conquest is seen in the fact that these guarantors of the 1942 Protocol—Argentina, Brazil, Chile, and the United States—have made an explicit commitment to provide an active and continuing presence in the conflict. This had never happened before. Now it is indeed possible—and this should be done promptly—to urge the guarantors to force the Ecuadoran military forces to lay down their weapons and, making good on their pledge, to effect the demarcation of this open window of only 78 linear kilometers in the Condor Range. This second conquest, which must be made to bear specific fruit, has as its background the brilliant steps taken by Dr. Guillermo Hoyos Osores in 1960, during the second Prado administration. This is what needs to be tied down today so that the conflict will not erupt again. Let the words be transformed into concrete deeds through the establishment of frontier markers. And so that this can be done, let the howitzers and the mortars fall silent." (EXPRESO 28 Feb 95)

Administration Announces Postponement of Privatization

PY1303111495 Lima EL COMERCIO in Spanish 5 Mar 95 p A4

[FBIS Translated Excerpt] A little over one month before the holding of general elections, summoned for 9 April, President Alberto Fujimori announced yesterday that the administration has decided to postpone the privatization process of state-owned companies until after the holding of the elections.

He explained that the main reason for this decision is to obtain better prices from private bidders because it has been established that their interest in acquiring some public companies has diminished until it is known who will win the general elections.

Fujimori added, however, that foreign investors have reasserted their interest in establishing new companies and improving already existing ones.

He added: "In view of the electoral process, investors who are willing to risk their money want to know what will happen in the country. In light of this, their interest has diminished and, therefore, lower prices are obtained in the privatization of companies."

Regarding the State Petroleum Agency, he said that dates must still be decided, as well as how it will be privatized.

Fujimori added that this delay is not a step back in the decision to sell state-owned companies experiencing deficits that have resulted in over $2.5 billion in losses per year.

He added that because of a solid domestic economy, the Peruvian currency will not be devalued "because we have a healthy exchange rate."

He said that the delay in the sale of the Continental Bank will not have negative effects because it is a solid company and a leading financial institution. He said: "We hope to sell it to a group that will compete with other banks." [passage omitted]

State of Emergency Extended in Lima, Callao, Huarochiri

PY1303143195 Lima Radio Programas del Peru Network in Spanish 1220 GMT 13 Mar 95

[FBIS Translated Text] The government has extended the state of emergency for 60 days in the provinces of Lima, Barranca, Huarochiri and El Callao.

The government decree, which was published in the newspaper EL PERUANO, states that this decision has been adopted because there are still some instances of disorder that disrupt domestic order.

State of Emergency Extended in Ucayali, Loreto, Huanuco

PY1303142295 Madrid EFE in Spanish 1809 GMT 11 Mar 95

[FBIS Translated Text] Lima, 11 Mar (EFE)—The Peruvian Government today extended the state of emergency for 60 days in four provinces in the jungle departments of Ucayali, Loreto, and Huanuco because of terrorist activities.

The decree, published today in EL PERUANO, states that the measure is enforced due to persistence of subversive activities and in order to complete the pacification process in this region of the country.

The decree refers to the provinces of Coronel Portillo and Padre Abad in Ucayali Department, Ucayali Province in Loreto Department, and Puerto Inca Province in Huanuco Department.

The decree establishes that all citizens' rights are curtailed in the areas where the state of emergency is enforced and that military authorities are in charge of maintaining security.

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Pollster Interviewed on Latest Survey

PY1403012895 Lima Panamericana Television Network in Spanish 0200 GMT 13 Mar 95

[Studio interview with Alfredo Torres of the Apoyo polling company on the latest presidential campaign poll by announcer Guido Lombardi—live; from the "Panorama" program]

[FBIS Translated Excerpt] [passage omitted] [Lombardi] Before showing the chart, I would like to know the technical details concerning the poll.

[Torres] Yes. Like the previous poll, this one was conducted among 1,500 people, from 4 to 11 March. It was finished yesterday in order to cover the most recent activities. As in previous surveys, the poll encompassed the entire country, including rural areas, that is, (?400) polls were carried out in rural areas.

[Lombardi] This means that the poll will measure any eventual impact on the elections of the ending of the conflict with Ecuador, the controversy over Tihuinza, and so forth.

[Torres] Precisely. It measures the impact of these events in Lima and in some nearby urban centers. In the rural area [words indistinct] last week so that the information [words indistinct].

[Lombardi] Herewith the first chart containing the results of the Apoyo nationwide poll.

On the presidential vote:

Fujimori [Change 90-New Majority]: 50 percent. This is four points fewer than in February, when he obtained 54 percent, but four greater than in January, when he obtained 46 percent.

Javier Perez de Cuellar [Union For Peru Movement]: 17 percent. He obtained the same result as in February, and 1 percent less than in January.

Alejandro Toledo [Peru Viable Nation]: Here we are witnessing a drop, which could be indicative of something. He obtained 4 percent, which is 2 percent less than in February, and 3 percent less that January, when he obtained 7 percent.

Ricardo Belmont [Obras Civic Movement]: 3 percent. This is one more percentage point than in February, when he received 2 percent. He obtained 2 percent in January.

Mercedes Cabanillas [American Popular Revolutionary Alliance, APRA]: 2 percent. In February she obtained 2 percent, and in January 3 percent.

Raul Diez-Canseco [Popular Action, AP]: 2 percent. This is the same percentage as in February, and one less point than in January.

Agustin Haya de La Torre [United Left]: 1 percent. This is exactly the same percentage he obtained in previous months.

Other candidates: 1 percent.

Blank and null votes: 4 percent.

No answer: 16 percent. This is 5 percent more than in February, and 2 percent more than in January.

Any comments on this first chart, Alfredo?

[Torres] As I have already said, the high percentage Fujimori obtained in the February poll was because of the temporary euphoria we were experiencing in view of the Ecuadoran conflict. The current poll shows a slight drop, but the difference is still significant.

If the elections were held today, Fujimori would win the elections in the first round in view of the fact that elections are defined with valid votes. Nevertheless, we must note that there are still almost 30 days left before the holding of elections. Moreover, the fact that 50 percent of those polled have stated that they will vote for Fujimori (?does not mean) he will obtain a solid 50 percent of the votes. This shows that he will probably obtain a solid 40 percent of the votes, and 10 percent of those polled may change their opinion depending on the [word indistinct].

[Lombardi] The percentage of undecided votes continues to be relatively high. In the unlikely case that this 16 percent will vote for a specific candidacy, will it have an impact on the election results?

[Torres] It will not have sufficient impact. In order for this to happen, some of those who are today expressing their support for Fujimori will have to change their votes.

[Lombardi] Another question. Presidential candidate Alejandro Toledo lost two points in relation to February, and three points in relation to January. This trend could be important if candidate Ricardo Belmont gains one percentage point. Could Belmont get into third place?

[Torres] It is possible. Apparently what happened is that Toledo did not do very well with his proposals in the last few weeks regarding the conflict with Ecuador, about the Tihuinza base situation, and this apparently hurt him. As you said, Toledo's drop in the polls could help Belmont, who has to gain at least one point. [passage omitted]

[Lombardi] Let us look at chart three on the nationwide poll. In the case of a runoff election between Fujimori and Perez de Cuellar, the question asked is: Who would you vote for? In this case 59 percent would vote for Fujimori, with the same percentage obtained in Lima and in the provinces; while 25 percent would vote for Perez de Cuellar, with 28 percent support in Lima and 24 percent in the provinces. There is the same average of 4 percent blank votes and 13 percent [words indistinct].

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Lets us now look at chart four of the Apoyo poll. The questions asked are: reasons to vote for Fujimori: because he implements state projects, 33 percent, 34 percent in Lima and 33 percent in the provinces; because he defeated terrorism, 32 percent; because of his economic policy, 27 percent, 34 percent in Lima and 25 percent in the provinces; because he finishes the jobs he starts, 23 percent, 38 percent in Lima and 18 percent in the provinces; because he is the most honest, 11 percent, 14 percent in Lima and 10 percent in the provinces; because he is the most capable, 10 percent, 13 percent in Lima and 9 percent in the provinces; because he has character, 9 percent, 17 percent in Lima and 6 percent in the provinces; because he will solve the armed conflict with Ecuador, 7 percent, 10 percent in Lima and 6 percent in the provinces; did not answer, 3 percent, 4 percent in Lima and 3 percent in the provinces. It is interesting to note the evaluation differences between Lima and the provinces. Is this a problem of different perception, or a problem of knowledge?

[Torres] I would say it is a problem of knowledge. People are better informed in Lima, and have more things to evaluate. In the provinces, generally, there are one or two issues. In the provinces you hear more about the projects being carried out in some places, and this is important to them. In Lima, however, other issues such as the defeat of terrorism and the improvement of the economy are more important.

[Lombardi] Let us now look at the reasons why people would vote for Perez de Cuellar. The questions are: because he has an international image, 34 percent, 52 percent in Lima and 26 percent in the provinces; because he was UN secretary general, 33 percent, 42 percent in Lima and 28 percent in the provinces; because he is the most capable, 26 percent, 33 percent in Lima and 23 percent in the provinces; because he is the most democratic, 18 percent, 25 percent in Lima and 15 percent in the provinces; because he will solve the armed conflict, 16 percent, 26 percent in Lima and 10 percent in the provinces; because he is the most honest, 14 percent, 27 percent in Lima and 7 percent in the provinces; because he advocates dialogue with other political groups, 9 percent, 15 percent in Lima and 5 percent in the provinces; did not answer, 3 percent, 0 percent in Lima, and 5 percent in Lima. What is your comment on these figures?

[Torres] I would like to say that these questions were only asked of people who asserted that they would vote for their candidate, and the answers were different in each case. Very few questions are repeated.

[Lombardi] Another important part of the Apoyo polls refers to electoral preferences for Congress, and there are also questions related to the conflict with Ecuador.

Uruguay

President Sanguinetti's Inaugural Address

PY1003141095 Montevideo EL OBSERVADOR ECONOMICO (Documents Supplement) in Spanish 2 Mar 95 pp 1-4

["Text" of new President Julio Maria Sanguinetti's inaugural address to Congress in Montevideo on 1 March]

[FBIS Translated Text] Mr. President of Congress, Messrs. presidents of fraternal nations who honor us with their presence, former presidents and vice presidents, leaders and members of the most welcome foreign delegations who also honor us with their presence, Uruguayan political leaders, legislators, ladies and gentlemen:

Today we begin a new administration, which will end with the advent of the new century and a new millennium. We have less than 2,000 days to go before the advent of the year 2000, a date that in the people's imagination is endowed with a magical aura. Above and beyond the calendar convention, there is a reality that we must face.

We all known that civilization has entered a new era. There is certainly no doubt that a new era has begun for Latin America, for our region, and for our nation. We know that there is a world full of certainties out there, but we also know that it is full of questions and mysteries as well. There is no doubt that we have left behind two centuries of major political revolutions that began in 1789 in France and ended in 1989 with the collapse of the Berlin Wall. We all know that every attempt to replace political democracy has failed.

We know that all efforts to replace the market economy with other mechanisms and systems have failed as well. We are aware that information and financial affairs have become global to the point that something that happens in Mexico, for example, has an immediate impact not only on Latin America, but on the world as a whole. The puzzling thing here is that even though the event in question did not take place in any of the great powers, it still caused worldwide repercussions.

We are thus aware of the kind of world that we will have by the end of this century. We are also aware that this is a fiercely competitive world, where the most powerful tools are information and know-how. They are the quintessence of power. Never before have information and know-how been so powerful.

We all know this, but there are also questions and mysteries ahead of us. In the past, when people wanted to indicate unknown territories on the maps, they marked them hic sunt leonis, meaning that the lions are here, while this other part is safe. Since political democracy prevailed nobody dares argue its principles. Yet just as its victory was complete, democracy began to doubt itself. Throughout the world we started to perceive that

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political parties were losing their power and that computer science and television were undermining the concept of representativity. We saw that the market economy was undoubtedly gaining ground, but did not resolve the problems stemming from unemployment. While science and technology attained unprecedented splendor, and showered contemporary men and women with articles of comfort that no other generation in human history has ever enjoyed, the scourges of poverty and neglect proved to be impossible to eradicate, to the point that they continue to coexist with the greatest displays of prosperity.

We also realized that social peace—which had apparently been shored up through all these achievements and material comforts—had to endure new scourges: drugs, the drug trade, urban violence, global organized crime, and unpredictable religious fundamentalism that spawned terrorist actions. We thus faced unexpected phenomena that awakened doubts and made us focus on the uncertainties of this new world, which had initially appeared to be straightforward and clear-cut, a world in which one could lay the foundations and build the pillars of a balanced structure.

We must therefore face this new era, which holds much promise but also mysteries, with great determination, drawing strength from the principles on which our beliefs are based.

The philosopher Jose Ortega y Gasset used to say that "the new approach to politics calls for a historical attitude." This is happening now, as we are building a new era, a new time, that history has put within our reach. The time ahead of us may be a time of servitude or a time of freedom. I am certain that it will be a time of freedom, because humanity is making a great effort to shore up those basic principles that nobody dares dispute any more.

We must coexist with both unity and debate, because these two elements are not antagonistic, but rather complement each other. The debate is not over, and the so-called death of ideologies does not mean an end to all ideas, and much less an end to debate.

Many years ago, John Stuart Mill told us that humans are not infallible; that the truth is only a half truth; that differences of opinion are good, not bad; and that unanimity is an exception rather than the rule. The truth is that while it is hard to imagine unanimity, it is virtually impossible to achieve it. We must therefore not waste time pursuing this utopia. We must realize, however, that debate and dissent have limits. Democracy sets the limits for dissent, because it cannot be either unlimited or endless. Somewhere, at some point, the meetings must yield their fruit, and the bases for constructive agreements must emerge.

This administration is starting off open to agreements and bargaining. The president of Congress and the lawmakers know very well that our political scenario was divided following the elections, not just because of that civic event but also because of our political system. You also know that because of this scenario this administration may find governing plagued with uncertainties and difficult. The division of forces has jeopardized the administration's ability to act.

From the very beginning we decided to engage in a dialogue. With open mind and soul we proposed a dialogue, which all the political forces have supported. The four political parties represented in Congress launched this dialogue, and negotiations led to some agreements and some disagreements. Nevertheless, we kept moving forward. It was made clear from the very beginning that nobody had been excluded, nor should anyone exclude others. Thus, we moved on.

All four parties agree in some aspects, three parties agree in other aspects, and two—the Colorado and Blanco Parties, which are together probably the largest group—agree on still other aspects. This was done openly, at a negotiating table, in full view of the news media and the public at large, so openly in fact, that it does honor to our country's political system. I am pleased and overjoyed to say this, because the final agreement on this administration made up of members of the Colorado and Blanco Parties was not reached behind the scenes, in the silence of palace halls, but openly, at the negotiating table, with all of us present.

This accomplishment does honor to the entire political system, to which I would like to pay due homage. I am pleased to say that the leaders of the Blanco Party deserve special praise. They have allowed us to put together a cabinet that will take over as of today, with the firm backing of these two traditional political parties, and with enough congressional support to allow this administration to say that it has a legislative program that over the coming weeks will show the people that we have overcome those dangerous congressional deadlocks, and that the country will not have to face any deadlocks in the future. May this political release come together with the freeing of imagination, so that we can find the answers and solutions that the nation needs.

Karl Popper used to say: "Living is finding solutions." That is what this is all about: reaching agreements so that we can find solutions.

This political atmosphere, however, should not lead us to forget that the country needs to reform its Constitution and its institutional system. The executive branch must be better prepared to govern, and able to do so, above and beyond the people who are temporarily in charge. The legislative branch must therefore be more expeditious; the electoral system must be more open about the votes of the citizens and more flexible toward the ways in which the people organize; and the political parties require more consistency and internal discipline.

All Uruguayan political parties have been aware of the need for these reforms for a long time. If the necessary

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agreements have not been reached earlier, this is the time to do it. It should be done this year, without any elections in sight. We cannot wait for elections to come closer, because then we lose the objectivity we all need to deal with these reforms, which will turn our political system, once and for all, into the effective democracy that we all want, and that we all long for and believe in.

Uruguay is already a member of a process of integration. We belong to Mercosur [Common Market of the South] together with three fraternal nations, whose presidents are here today. I am sure that other American countries will join Mercosur in the not too distant future.

This means that we adjust our pace. We cannot force the region to move at our pace; we cannot chain it to the pace of our debates and discussions. On the contrary, we should make our institutions flexible and efficient enough to keep up with this process of integration, demonstrating that the freedom inherent to democracy and the effectiveness of modern management approaches are compatible.

This is the challenge that lies ahead of us, and I firmly believe that with the help of the political parties and of the lawmakers we will find the best way to rise to it.

These are different times, a different era. The great ideological blocs are gone, although the battle of ideas is still going strong, even though the prevailing pragmaticism compels us to find concrete solutions to the problems that arise. A government program, however, is not based on pragmaticism alone. Pragmaticism alone is not enough to govern a nation. Pragmaticism alone is not enough to keep our societies united and to lead them along the path of development. Other reforms that have to do with ideals are also necessary.

Thus, just as it needs a constitutional reform, Uruguay needs an educational reform. We must embark in this endeavor with the same faith and courage with which this Republic launched its literacy program in 1876, under difficult circumstances, through nondenominational, free, and compulsory schooling. We must do the same thing today, with the same determination, so that everyone will have a chance to learn, even to learn information science, this new language lacking which the new generation will be as unable to communicate as an illiterate. Uruguay must accomplish this.

We must redefine the roles that each area of education must play. We must include in our education the scientific and technical knowledge that current civilization thrusts upon us. We must also make the entire education system more flexible. We must develop new approaches to education in an effort to get away from the strict parameters we apply today. We know that there are material restrictions. We know that having more funds, we can move forward more quickly, and that with fewer funds we may go forward more slowly. Above and beyond, however, whether we have more or fewer funds—as that is, after all, tied to the country's overall economy—the important thing is to set the course, establish objectives and procedures, and define the kind of youth we want and for what, the trades or professions we want them to learn, the kind of society we want to prepare them for. As far as we are concerned, all this makes educational reform necessary.

Furthermore, we believe that to keep in step with the process of integration, which will have a great impact on the fate of this country, we must specialize and aim for quality. We can never compete in terms of quantity because due to our size we are not geared toward quantity. We must use education to better train our people so that we can produce better quality goods and services.

This is all we have ever been. We are not the heirs to vast territories or ancient civilizations. We have always been a silt shoal that had to be built between two old empires, based on the cultural values, ideas and principles that are now part of our own national identity.

Today, more than ever, as we join this regional community, with which we have so many things in common, we must bet on the success and prospects of our education.

Education will also bring us back into a world of values that modern civilization seems to have lost amid the elusive images that the news media ply us with, the weakening of the family as the essential core of society—although in Uruguay the family is fortunately still strong, though not as strong as it used to be—and the end of the battle between major ideological blocs, which has given us more freedom but left us somewhat lost in space, having to look for the best course without having any examples to follow. We must thus resurrect these basic values, which are the essence of both education and of the social fabric.

This country has lived through times of peace and democracy, and times of upheaval. Fortunately, we have left the latter behind. Every so often a threat crops up, but the Uruguayan political system has been able to overcome—and will continue to overcome—the temptations of violence.

Our public security is certainly better than in other countries, but it has declined and gotten worse compared to what it used to be. This compels us all to make a great effort. The lawmakers must come up with laws capable of better dealing with the new phenomena related to organized crime, which are cropping up especially in urban areas. The judges will have to strictly and properly enforce these laws. The executive branch and the police will have to carry out the necessary preventive and repressive actions whenever required to do so. Our society must make an effort, and being the liberal society it is, it should not allow itself any weakness, because whenever the state ceases to be effective, private reaction sets in. This has not happened, nor will it happen in our country. It is, therefore, up to the state to effectively

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preserve the values of democracy and freedom by reconciling the principles of freedom and respect for human rights with the order essential for coexistence.

We realize that security problems cannot be dealt with through laws alone, because they stem from deep-rooted social problems and are closely linked to poverty. Uruguay's enormous effort to improve social standards does us all honor, for we have all participated in this endeavor throughout history. We are certain that poverty in Uruguay has declined significantly during the past 10 years. There are, however, more social outcasts. The percentage of poor people is smaller, but there are more people who are not part of society and who do not share its values. The gaps have widened, and because this is directly related to security problems we must all make an effort to fight social unfairness, starting from the schools, which we all know to be the main tool for overcoming social marginality so as to attain a harmoniously structured society.

This is what solidarity is all about. Although solidarity is sometimes used as the pretext for endless demands for rights, it is basically a set of duties: our duties to our fellow countrymen, to other human beings; and the duties of a public servant toward the citizens he must serve, be they other public servants, businessmen, or workers. These duties stem from basic work ethics, which require one to do the best one can. This implies respecting others in every sense.

All these values are an integral part of this country, which has historically glorified religious and ideological tolerance and a pleasant approach to everyday life. We must rekindle these values in places where we believe them to be in jeopardy, because we see that in many social strata these values are being threatened.

All the political parties have acknowledged that one of the greatest and most urgent challenges ahead of us is the reform of our social security system. Undoubtedly this system has been a source of pride throughout our history. Nevertheless, if we want to preserve the essence of this system we must reform it and change it.

On the occasion of my inauguration 10 years ago we addressed the foreign debt issue. In those days that was the burning issue. At that time we could have allowed ourselves to be carried away by the temptation of refusing to pay, which would have led to isolation, or we could have accepted with resignation the terms that could have been imposed on us, which would have stunted our growth.

After two administrations dealt with this problem seriously for 10 years, the foreign debt is no longer the issue it used to be. Our generation has, however, a kind of domestic debt: our social security system. We are all aware that the problem has been growing and getting worse. For one reason or another, the administration that is now ending proposed certain approaches to this matter, and so did my prior administration, and the one before that. We all agree that an in-depth reform is a must. We may disagree on how to deal with it—and in fact we do—but we agree that the system requires an in-depth reform.

As is still the case in most of the world, Uruguay used to have three or four workers for every retiree. We all know that the current ratio in Uruguay is 1.5 workers for every retiree, and that this situation is getting worse all the time. I believe that historically speaking we cannot allow ourselves to be indifferent or irresponsible enough to ignore this situation. Furthermore, we cannot transform a blessing into a tragedy, because the truth is that in Uruguay people are living longer and better, and the social security system has to be adjusted to deal with this welcome situation, so we can overcome the concerns that society is feeling.

The businessmen feel that social security is too expensive, and prevents or hampers them from successfully competing on the international market. Meanwhile, the workers feel that because of the above, the economy is losing momentum and its ability to generate jobs. The workers, especially the younger workers, are worried about the fate of their social security contributions, which are swallowed by a system that does not give the workers any sense of security about their own retirement. In view of this situation the state is committed to act calmly in a quest for the best solutions to pave the way to the great change.

Fortunately, all the parties represented in Congress have been discussing this change lately. We have made some progress, and even though we cannot say that a unanimous decision has been made, there is enough collective awareness for us to promise the country that the system will be significantly reformed in the next few weeks. This reform will not only assure retirees that their rights will be protected by law, but will also guarantee a strong Social Welfare Bank with enough funds and a future to look forward to. The workers will know where their contributions are going, as they will know that basically these contributions are their savings for the future. Businessmen will feel that they can compete without considering social security—which our country has pioneered and must have—a burden that restricts their competitiveness.

I am certain that the reform of the social security system will also allow us to expand and develop other areas of our economy. Our country must persevere in its endless quest for a more modern economy. The rational approach that Latin America has occasionally lost in the past now prevails throughout it, and in Uruguay as well.

We now know that we can argue, but we also know that we must be able to reach agreements. The great Leonardo da Vinci used to say: "Where there is shouting, there is no wisdom." I think we have learned that this is the case where economics—always a difficult subject—is concerned. We have learned that only concrete objectives and rational approaches will yield results, and the country must learn from its experience.

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Uruguay must grow, and it must grow outwards; it must produce more and better goods and export them. We can do it. We have capable farmers and cattlemen. In the next few month we will probably be certified to be free from foot-and-mouth disease and will be able to sell our beef abroad. This will mean a great deal. Our wool production does not stop at the raw material, but is part of a long industrial process that turns out the excellent fabric that we export all over the world. We have a highly capable industry whose products we have been selling for years on many markets. We have a vigorous agro-industry. Our dairy industry, to which we have always been committed, has enormous potential. We know that it is facing growth problems, and some parts of it are still technologically backward, but we also know that if industrialists, farmers, and the state make a serious joint effort we can move ahead, just as the initially small group of dairy farms around the capital grew into what it is today.

If we take a close look at what the country has accomplished as far as forestry is concerned, and recall that some seven or eight years ago during my prior administration a law was passed promoting the reforestation process, we will see that Uruguay has great potential as a lumber-producing country. Obviously we will have to make a great effort. We will have to invest in means of transportation to move the lumber out. We will have to invest in industrial plants to turn out processed products. We will have to continue planting trees. The point is, however, that this country has great potential, and every time it has managed to attain an encouraging level of stability, the people have responded. It can do it again under more favorable circumstances.

The process of integration, Mercosur, compels Uruguay to search for a piece of the market for all the sectors that have proven to be better prepared. By changing our productive structure we will be able to further develop an economy that will be not only self-sufficient, but also the key source of funds for the educational reform and the health and housing services, for which we must continue to struggle in the quest for better standards of living for our people.

Uruguay has a great future. It has proven this through many development efforts. Every time our country has applied itself to the daring quest for new paths, it has found them.

Uruguay's first great educational reform was accomplished under circumstances far worse than the current ones. Jose Pedro Varela [Uruguayan writer and teacher who reformed Uruguayan elementary education, 1845-1879] had to reform education and build a nondenominational, free, and compulsory elementary schooling system—which continues to be an inspiration for our society because of its liberalism and deep-rooted humanism—in the midst of a dictatorship and severe economic woes. Given his example, how can we now fail to change course when we know that it is necessary, when we realize that above and beyond ideological differences, a change of course is something concrete and specific on which we can reach an agreement?

This is the same country where Jose Pedro Varela lived; it is also the country where Pedro Figari [Uruguayan lawyer, politician, and impressionistic painter, 1861-1939] not only painted the life on the River Plate, but also dreamed and started a technical school where art and trades combined to make work the epitome of human dignity. If this is the same country, why shouldn't we tackle this new stage with the same fortitude, convinced that a reform of our productive apparatus, a reform of the social security system, a reform of our educational system, and a reform our political institutions can pave the way to a better life for all of us, and for those who come after us into this new century that is about to be born?

Mr. President: Allow me to express an intimate personal feeling. Messrs. legislators, just imagine what it means for a Uruguayan citizen to be the first president in Uruguay's history to become president for the second time, and the responsibility of having been the first to so through direct elections, and the third to have accomplished this in all of our country's history.

Just imagine the burden of my responsibility. You must realize as well that I can expect no greater achievement throughout the remainder of my public life, and that even though I may make mistakes more than ever before, none will stem from political pettiness. I have only one strong ambition: to fulfill the mandate of our 1813 Founding Instructions to form a government dedicated to preserving the advantages of freedom, justice, mercy, moderation, and industry.

Mr. President, Messrs. legislators: I would like to end this speech by looking into the eyes of all our Latin American brothers, our partners in the new adventure of these times that are now beginning, and tell them that as never before we share their feelings and their commitment to the fate of our Latin America. I would also like to tell our brothers, the presidents of Peru and Ecuador, of Ecuador and Peru, that just as your soldiers, who are representing your nations, have heroically shed their blood to defend what they lawfully feel involves defending their sovereignty, I hope that you, as statesmen, will be able to find, with the same courage, a peaceful path that will glorify you.

Dear friends, for a soldier, winning a war is glorious; for a statesman, achieving peace is glorious. So be it.

Commentary Views Argentina's Convertibility Problems

PY1303111795 Montevideo EL OBSERVADOR ECONOMICO in Spanish 2 Mar 95 p 2

[Commentary by Julio de Brun: "Convertibility Against the Ropes"]

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[FBIS Translated Text] Just as Buster Douglas' punches to Mike Tyson made him realize that his world title could be lost, the Mexican crisis made the Argentine Government realize that the Convertibility Plan could not last unless it was protected. A currency's strength is just as artificial as fists to guarantee stability. In the economic area, fiscal balance is the equivalent of good physical condition.

The repercussions of the Mexican crisis sent the Argentine stability up against the ropes. The punch hit Argentina by surprise, but the country was not in the best of conditions to receive a shock of adversity in terms of confidence, either. The fulfillment of the country's 1994 fiscal goal was already experiencing difficulty during the second half of last year and revenues during the first two months of 1995 confirmed the threatening trend.

It must be taken into account, however, that in situations involving lack of confidence, fiscal deficits look much larger than the real figures. In Argentina, not only the difference between revenues and spending and the entry and exit of capital are threatening to close in the red in 1995. If the country's policies do not inspire confidence, the government will have a hard time renewing public debt titles that fall due during the year and will have to use its international reserves to cover the deficits. This will conspire against the stability of the Convertibility Plan.

Timely Measures

The Argentine Government has been pushed against the ropes and it is ducking and weaving to extricate itself. The alert sounded by the difficulties in obtaining financing in the local market in the past two Treasury Note biddings, together with the need to reach an understanding with the IMF to obtain emergency financial assistance, finally toppled the political obstacles to implementing a severe fiscal adjustment in the midst of an electoral campaign.

As usual in these cases, the announcement in the area of spending is more convincing than expectations in the area of revenues. The total package amounts to $3.5 billion, but the goal in the area of spending reduction represents less than 30 percent of the total. This does not mean that the package does not have measures with impact, however. One of them is the reduction of salaries of more than $2,000 a month by percentages that vary between 5 percent and 15 percent. This is proof of how difficult it is to improve fiscal results in emergency situations and how determined the Argentine Government is to prevent the sinking of the convertibility system, at least before the election.

We accept that the political decision is difficult, but the reduction of public salaries not only seeks to cut spending. It also seeks to generate a favorable impact on expectations and the administration's credibility, particularly on its determination to defend its program.

Enough Measures?

The Argentine adjustment package must be interpreted in the following way: 1) the $1 billion in spending cuts will help maintain the fiscal balance; 2) the proposal of a tax and social security contribution moratorium, which will give debtors a chance to cancel their old debts with public notes, will generate a captive demand for the titles that the government must issue this year; and 3) the package seeks to pave the way for an agreement with the IMF to improve the administration's credibility and permit a reduction of the cost of contracting debts in future government note biddings.

If the increased dynamism of the Brazilian economy, following that country's stabilization program, permits the Argentine economy to continue growing, the package should be enough to close government accounts, according to conventional ways of measuring fiscal deficits. But the problem is also affected by declining foreign investments, which makes the refinancing of the 1995 public debt more difficult.

The package's effectiveness will depend on a successful credibility campaign. If the administration cannot avoid an increase in the "country risk," real internal interest rates will increase and the balance of payments will be adjusted by reducing domestic consumption. But this consumption reduction will balance out with a higher real exchange rate, which can only be reached—without changing the nominal foreign exchange rate—by reducing domestic inflation. Here again, the continuity of the Brazilian Real Plan is important because it will soften the impact of the adjustment as well as the rest of the economic measures the administration has been trying to implement for a long time, such as labor flexibility.

The road of the Convertibility Plan is full of suppositions, which is the same as saying it is like going through a mine field. So far the government has stayed away from the temptation of implementing an inflationary tax (devaluation) to which Mexico so easily succumbed. But the government not only needs expertise; it also needs confidence to avoid a devaluation (which, due to the depth of the country's dollarization, will benefit it very little) or to implement a moratorium on the nation's public debt.

Japanese Envoy Summoned Over Ship Carrying Nuclear Waste

PY1403033895 Montevideo Radio Carve in Spanish 0000 GMT 14 Mar 95

[FBIS Translated Text] The Foreign Ministry has just issued a communique stating the following:

The Uruguayan Government expresses its deep concern over reports indicating that a British ship transporting radioactive waste and sailing to Japan will arrive to the South Atlantic within the next few hours. The Uruguayan Government understands that the transit of that

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ship through zones close to our shores creates serious risks to our environment and to the country's security.

In view of this situation the Foreign Ministry summoned the Japanese ambassador to inform him that the country will not authorize the passage of the ship through Uruguayan territorial waters. The Japanese representative was told that the ship should not enter Uruguayan exclusive economic waters, adding that the ship should sail outside of the country's jurisdictional waters and take the maximum safety precautions.

Training Center Created for UN Peacekeeping Forces

PY1303235495 Montevideo EL OBSERVADOR ECONOMICO in Spanish 28 Feb 95 p 6

[FBIS Translated Text] On 27 February Uruguayan President Luis Alberto Lacalle issued a decree establishing the Army Training Center for Peacekeeping Operations [Centro de Instruccion para Operaciones de Paz del Ejercito] (CIOPE). The center will train military personnel for UN peacekeeping missions.

The new training center will be located at Army headquarters, and will operate under the jurisdiction of the office of the commander in chief of the Army. Its objective will be to train and evaluate Army personnel selected to participate in peacekeeping missions. The organization will help evaluate, select, and train personnel in keeping with the conditions prevailing at the sites of the various missions.

It will also supply the office of the Army commander in chief with the appropriate information, opinions, recommendations, plans, and coordination schemes that have to do with the training of peacekeeping units.

Military sources told EL OBSERVADOR ECONOMICO that Uruguayan Army officers who have participated in UN peacekeeping missions in Cambodia and Mozambique are already teaching other fellow officers.

Venezuela

Central Bank Member: Falling Dollar Affecting Economy

PA1203162995 Caracas ECONOMIA HOY in Spanish 10 Mar 95 p 14

[FBIS Translated Text] The fall of the dollar on international markets is affecting the Venezuelan economy as exports, primarily oil exports, are fixed and measured in that currency, the international purchasing power of which has decreased. Consequently, in real terms, the purchasing power based on exports will drop insofar as the dollar falls.

According to Domingo Maza Zavala, economist and member of the board of directors of the Central Bank of Venezuela, imports being traded on the U.S. market have not been affected, but those linked to other countries have been because the purchasing power in terms of foreign exchange are being reduced, and so is the purchasing power of the bolivar, thus causing an increase in the price of imports.

This affects the relationship between the bolivar and the dollar because since there is a fixed exchange rate, there is a need to examine whether it is necessary to adjust it in accordance with the events affecting international markets.

Maza Zavala made it clear that it is not yet known whether it will be necessary to devaluate the bolivar because the government is still waiting for events to unfold and for the dollar to stabilize. If the dollar does not stabilize, which it is expected to do in the coming days, other measures will be adopted.

He clarified, however, that the decision to change the exchange rate will also be influenced by events that affect the country's liquidity, the inflation rate, and investments in dollars that are pending placement on the market. That means there are a number of facts required to formulate an opinion [word indistinct] which will determine the final decision.

As for investments in dollars, Maza Zavala explained that they affect the exchange system, which is why everything related to the process to place them, their sale in bolivares, and the earning of interest paid in dollars is being studied. That is why it is necessary to learn how the beneficiaries will use such foreign exchange.

Finance Minister Defends Current Exchange Rate

PA1403143595 Caracas Venezolana de Television Network in Spanish 0200 GMT 14 Mar 95

[Report by Pedro Prado; from "The News" newscast]

[FBIS Translated Text] The national government has finished forming the new Financial Emergency Committee and, at the same time, has dismissed the possibility of establishing a new bolivar-dollar exchange rate. Finance Minister Luis Raul Matos Azocar made these announcements. He said Alonso Velasco will be the director of the Financial Emergency Committee, which will also include the finance minister and the president of the Central Bank; Enrique Nucete will be at Fogade [Deposit Guarantee and Banking Protection Fund]; and Francisco de Vera will continue at the General Bank Superintendency. Dr. Ester de Margulis also will be a member of the Bank Superintendency.

Matos Azocar also said the Exchange Administration Board will review the licenses granted for the allocation of dollars as well as the accusations forwarded by Consecomercio [National Council of Commerce and Services] on alleged irregularities in the processing of U.S. foreign exchange. He added that he does not believe there will be a new devaluation of our currency.

[Begin Matos Azocar recording] I believe we have to open an investigation to determine whether there has been any wrongdoing in the area of management. The

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issue of having to devaluate our currency to increase exports does not coincide with our current situation. This is why I believe that, up until now, we have found ourselves in the middle of the speculation game. Everyone has the right to make his own assessment, but the position we are maintaining supports the current exchange rate. [end recording]

Luis Raul Matos Azocar indicated that the new members of the Financial Emergency Committee will be sworn in this week. Regarding the positions of Fogade president and the bank superintendent, he said we will have to wait for the Congress of the Republic to give them final approval.

Attorney General Petit Views Bank Intervention

PA1403125195 Caracas Venezolana de Television Network in Spanish 0200 GMT 11 Mar 95

[Report by Pedro Prado from "The News" newscast]

[FBIS Translated Text] Jesus Petit Dacosta disagrees with the charges made by (Hector Turupial), a former consultant of the General Banking Superintendency, who has said the intervention of the banks La Guaira, Barinas, Bancor, Construction, Metropolitano, Maracaibo, and Amazonas and the financial association Iveca was illegal. He insists the members of the Higher Banking Council did not sign the intervention orders. On the possibility of any of the former directors of these banks regaining control of their funds, the attorney general has said the idea was immoral:

[Begin Petit recording] The fact that a document is issued by a certain agency at a given time is insufficient, in my mind, to void the entire administrative action. What makes the act legal is not the document itself but, rather, its publication in the GACETA OFICIAL. [end recording]

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